

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

FINANCIAL STATEMENTS
31 AUGUST 2011

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UDS CAPITAL BERHAD
(Incorporated in Malaysia)

CORPORATE INFORMATION

DIRECTORS:

Neo Tiam Hock (Executive Chairman)
Neo Chee Kiat (Managing Director)
Hj Ismail Bin Tunggak @ Hj Ahmad
Koh Ru Ching
Anthony Na Hai Sir

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:

Lot 4085
Kawasan Perindustrian Parit Jamil
84150 Parit Jawa, 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 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are as set out in note 9 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
Profit/(loss) for the financial year	<u>684,331</u>	<u>(2,612,746)</u>
Attributable to:		
Owners of the Company	589,401	(2,612,746)
Non-controlling interests	<u>94,930</u>	<u>-</u>
	<u><u>684,331</u></u>	<u><u>(2,612,746)</u></u>

DIVIDEND

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

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT - continued**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 19 to the financial statements.

The summary of movements of warrants is as follows:

<u>Date of issue</u>	<u>Exercise price per warrant</u> RM	Number of warrants		
		<u>01 September 2010</u>	<u>Exercised</u>	<u>31 August 2011</u>
02.12.2005	0.80	21,084,250	-	21,084,250

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

DIRECTORS

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

Neo Tiam Hock
 Neo Chee Kiat
 Hj Ismail Bin Tunggak @ Hj Ahmad
 Koh Ru Ching
 Anthony Na Hai Sir (Appointed on 25.04.2011)
 Ng Sey Wee @ Ang Seh Wee (Resigned on 27.10.2011)
 Ng Ah Leet @ Ah Heet (Resigned on 25.04.2011)
 Tan Kui Hwa (Resigned on 25.04.2011)
 Dato' Koh Low @ Koh Kim Toon (Retired on 24.02.2011)

In accordance with the Company's articles of association, Messrs. Neo Tiam Hock and Anthony Na Hai Sir retire by rotation at the forthcoming Annual General Meeting, being eligible, offer themselves for re-election.

REMUNERATION COMMITTEE

Remuneration committee comprises:

Chairman : Hj Ismail Bin Tunggak @ Hj Ahmad (Independent Non-Executive Director)

Members : Anthony Na Hai Sir (Independent Non-Executive Director) (Appointed on 25.04.2011)
 Mr. Tan Kui Hwa (Independent Non-Executive Director) (Resigned on 25.04.2011)
 Ng Sey Wee @ Ang Seh Wee (Executive Director) (Resigned on 27.10.2011)

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

The directors holding office at the financial year end and their interests in 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>2010</u>	<u>Bought/Sold</u>	31 August <u>2011</u>
Direct interest			
Neo Tiam Hock	11,336,896	-	11,336,896
Neo Chee Kiat	10,858,210	-	10,858,210
Koh Ru Ching	7,000	-	7,000
Ng Sey Wee @ Ang Seh Wee	510	-	510
Indirect interest			
Neo Tiam Hock	25,290,518	-	25,290,518
Neo Chee Kiat	12,969,000	-	12,969,000

	Number of warrants		
	01 September <u>2010</u>	<u>Bought/Sold/Exercised</u>	31 August <u>2011</u>
Direct interest			
Neo Tiam Hock	431,149	-	431,149
Neo Chee Kiat	68	-	68
Ng Sey Wee @ Ang Seh Wee	85	-	85
Indirect interest			
Neo Tiam Hock	952	-	952

By virtue of their interests in the shares of the Company, Messrs. Neo Chee Kiat and Neo Tiam Hock are also deemed to have interests in the shares of all the subsidiary companies to the extent that the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares and warrants of the Company or its related corporations during the financial year.

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 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 32 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.

DIRECTORS' REPORT - continued

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 impairment and satisfied themselves that all known bad debts had been written off and that adequate allowance for impairment 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 impairment inadequate to any substantial extent in the financial statements of the Group and of the Company,
 - 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 28 December 2010, a subsidiary company entered into a Sale and Purchase Agreement with a third party to dispose two units of double-storey semi-detached house with a carrying value of approximately RM506,000 for a total sale consideration of approximately RM400,000.

The transaction was completed during the financial year.

- b) On 11 January 2011, a subsidiary company has acquired 35,000 ordinary shares of RM1 each, representing remaining 35% equity interest in Syarikat U.D. Trading Corporation Sdn. Bhd. for a total cash consideration of RM1.

The transaction was completed during the financial year.

- c) On 20 April 2011, a subsidiary company entered into a Sale and Purchase Agreement with a third party to acquire one plot of industrial land for a purchase consideration of approximately RM1,812,600.

The transaction was completed during the financial year.

- d) On 29 August 2011, a subsidiary company entered into a Sale and Purchase Agreement with a third party to dispose one plot of leasehold industrial land together with a single storey detached warehouse cum double storey office building with a carrying amount of RM1,227,000 for a sale consideration of RM2,000,000.

The transaction has not completed as at date of this report.

SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR

- a) On 14 October 2011, a subsidiary company entered into a Sale and Purchase Agreement with a third party to dispose inventories and tools and equipment for a sale consideration of RM1,200,000.

- b) On 17 October 2011, a subsidiary company entered into a Sale and Purchase Agreement with a third party to dispose a piece of freehold land together with a freehold factory building for a sale consideration of RM1,950,000.

DIRECTORS' REPORT - continued

AUDITORS

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

Signed in accordance with a resolution of the directors.

Neo Tiam Hock
Director

Neo Chee Kiat
Director

Muar

Date: 27 December 2011

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 statements of financial position, statements of comprehensive income, of changes in equity and of cash flows 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 2011 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

The information set out in note 42 to the financial statements has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed in accordance with a resolution of the directors.

Neo Tiam Hock
Director

Neo Chee Kiat
Director

Date: 27 December 2011

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION

I, Neo Chee Kiat, the director primarily responsible for the financial management of UDS Capital Berhad, do solemnly and sincerely declare that the accompanying statements of financial position, statements of comprehensive income, of changes in equity and of cash flows 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 27 December 2011)

Neo Chee Kiat

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 financial statements of UDS Capital Berhad, which comprise the statements of financial position as at 31 August 2011 of the Group and the Company, and the statements of comprehensive income, of changes in equity and of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 12 to 89.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 entity's preparation of financial statements that give a true and fair view 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 entity'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.

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

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 2011 and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies 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 9 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 than the audit report on the financial statements of certain subsidiary companies with emphasis of matter as disclosed in note 9 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out in note 42 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

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

FOO KEE FATT
1923/06/13(J)
Chartered Accountant

Date: 27 December 2011

67, 2nd Floor, Room A
Jalan Ali, 84000 Muar
Johor Darul Takzim

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UDS CAPITAL BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2011

	Note	2011 RM	2010 RM (restated)	01.09.2009 RM (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	7	43,662,755	45,535,210	47,195,804
Prepaid lease payments	8	-	-	-
Investment properties	10	4,149,000	3,309,000	3,437,000
Other investments	11	-	-	1,523,475
Deferred tax assets	12	50,529	224,438	-
		<u>47,862,284</u>	<u>49,068,648</u>	<u>52,156,279</u>
Current assets				
Inventories	13	25,335,234	19,528,188	22,352,316
Receivables	14	15,824,270	26,205,086	24,784,241
Derivative financial instruments	15	48,770	-	-
Tax assets	17	992,945	1,005,325	1,003,657
Fixed deposits with licensed banks	18	441,036	409,000	2,822,136
Cash and bank balances		6,553,371	7,727,608	5,750,267
Non-current asset held for sale		-	-	1,150,412
		<u>49,195,626</u>	<u>54,875,207</u>	<u>57,863,029</u>
TOTAL ASSETS		<u>97,057,910</u>	<u>103,943,855</u>	<u>110,019,308</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	19	63,252,750	63,252,750	63,252,750
Reserves	20	(9,139,449)	(9,652,362)	(6,956,736)
		<u>54,113,301</u>	<u>53,600,388</u>	<u>56,296,014</u>
Non-controlling interests		<u>2,442,511</u>	<u>2,314,903</u>	<u>2,552,673</u>
Total equity		<u>56,555,812</u>	<u>55,915,291</u>	<u>58,848,687</u>
LIABILITIES				
Non-current and deferred liabilities				
Borrowings	21	3,181,048	2,506,052	3,148,172
Deferred tax liabilities	12	113,942	108,618	108,618
		<u>3,294,990</u>	<u>2,614,670</u>	<u>3,256,790</u>
Current liabilities				
Payables	23	11,455,420	13,778,753	18,669,415
Tax liabilities	17	-	12,000	17,103
Borrowings	21	25,751,688	31,623,141	29,227,313
		<u>37,207,108</u>	<u>45,413,894</u>	<u>47,913,831</u>
Total liabilities		<u>40,502,098</u>	<u>48,028,564</u>	<u>51,170,621</u>
TOTAL EQUITY AND LIABILITIES		<u>97,057,910</u>	<u>103,943,855</u>	<u>110,019,308</u>

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2011**

	Note	2011 RM	2010 RM (restated)
Revenue	24	89,181,722	144,916,648
Cost of sales	25	<u>(75,412,625)</u>	<u>(127,371,436)</u>
Gross profit		13,769,097	17,545,212
Other income	26	3,400,973	2,059,525
Administrative expenses		(8,799,441)	(13,541,598)
Selling and distribution expenses		(4,887,768)	(7,208,323)
Other expenses		<u>(1,510,354)</u>	<u>(890,212)</u>
Operating profit/(loss)	27	1,972,507	(2,035,396)
Finance costs	28	<u>(1,057,248)</u>	<u>(1,096,856)</u>
Profit/(loss) before taxation		915,259	(3,132,252)
Income tax expenses	17	<u>(230,928)</u>	<u>198,856</u>
Profit/(loss) for the financial year, representing total comprehensive income/(loss) for the financial year		<u>684,331</u>	<u>(2,933,396)</u>
Profit/(loss), representing total comprehensive income/(loss) attributable to:			
Owners of the Company		589,401	(2,695,626)
Non-controlling interests		<u>94,930</u>	<u>(237,770)</u>
		<u>684,331</u>	<u>(2,933,396)</u>
Earnings/(loss) per share attributable to owners of the Company (sen)			
- basic	29(a)	0.5	(2.1)
- diluted	29(b)	0.5	(2.1)

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 2011**

Note	← Attributable to owners of the Company →				Non-controlling interests RM	Total equity RM
	Share capital RM	Share premium RM	Accumulated losses RM	Total RM		
At 01 September 2009	63,252,750	12,494,536	(19,451,272)	56,296,014	2,552,673	58,848,687
Total comprehensive loss for the financial year	-	-	(2,695,626)	(2,695,626)	(237,770)	(2,933,396)
At 31 August 2010	63,252,750	12,494,536	(22,146,898)	53,600,388	2,314,903	55,915,291
At 01 September 2010						
As previously stated	63,252,750	12,494,536	(22,146,898)	53,600,388	2,314,903	55,915,291
Effects of adopting FRS 139	4(c)(iv) -	-	(43,810)	(43,810)	-	(43,810)
Restated	63,252,750	12,494,536	(22,190,708)	53,556,578	2,314,903	55,871,481
Total comprehensive profit for the financial year	-	-	589,401	589,401	94,930	684,331
Transaction with Owners						
Effects of changes in stakes in a subsidiary company	-	-	(32,678)	(32,678)	32,678	-
At 31 August 2011	63,252,750	12,494,536	(21,633,985)	54,113,301	2,442,511	56,555,812

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2011**

	Note	2011 RM	2010 RM (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		915,259	(3,132,252)
Adjustments for:			
Allowance for impairment on receivables		353,457	1,947,159
Bad debts written off		400,000	588,000
Depreciation		2,438,864	2,910,259
Impairment loss on property, plant and equipment		1,330,848	-
Inventories written off		-	858,275
Inventories written down		461,639	3,648
Interest expenses		1,057,248	1,096,856
Levy fee forfeited		-	39,344
Loss on disposal of property, plant and equipment		32,510	-
Property, plant and equipment written off		10,271	118,112
Provision for foreseeable loss		400,000	-
Unrealised foreign exchange loss		-	36,746
Allowance for impairment no longer required		(662,602)	(76,207)
Dividend income		-	(22,245)
Fair value adjustment on investment properties		(840,000)	(20,000)
Gain on disposal of investment property		-	(317,000)
Gain on disposal of other investments		-	(481,598)
Gain on disposal of property, plant and equipment		(496,770)	(229,759)
Interest income		(12,036)	-
Net fair value gain on derivative financial instruments		(92,580)	-
Operating profit before working capital changes		5,296,108	3,319,338
(Increase)/decrease in inventories		(6,268,685)	1,962,205
Decrease/(increase) in receivables		9,452,377	(7,257,942)
Decrease in amount due from customer on contracts		437,584	3,297,754
Decrease in payables		(2,323,333)	(4,886,361)
Cash generated from/(used in) operations		6,594,051	(3,565,006)
Income tax paid	17(a)	(51,315)	(28,003)
Interest paid		(1,057,248)	(1,096,856)
Net cash from/(used in) operating activities		5,485,488	(4,689,865)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2011 - continued

	Note	2011 RM	2010 RM (restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	31(a)	(2,552,704)	(1,669,969)
Dividend received		-	17,895
Proceeds from disposal of investment property		-	465,000
Proceeds from disposal of property, plant and equipment		1,410,127	989,951
Proceeds from disposal of asset held for sale		-	1,150,412
Proceeds from disposal of other investments		-	2,005,073
		<u> </u>	<u> </u>
Net cash (used in)/from investing activities		<u>(1,142,577)</u>	<u>2,958,362</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of term loan		1,450,000	-
Interest received		12,036	-
Net changes in short term borrowings		(4,605,201)	2,231,356
Repayment of term loans		(700,335)	(695,539)
Repayment of hire purchase payables		(426,484)	(449,827)
Withdrawal of fixed deposits		-	2,413,136
Placement of fixed deposits		(32,036)	-
		<u> </u>	<u> </u>
Net cash (used in)/from financing activities		<u>(4,302,020)</u>	<u>3,499,126</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		40,891	1,767,623
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR			
		<u>5,569,831</u>	<u>3,802,208</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR			
	31(b)	<u>5,610,722</u>	<u>5,569,831</u>

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2011

	Note	2011 RM	2010 RM
ASSETS			
Non-current assets			
Property, plant and equipment	7	-	-
Investments in subsidiary companies	9	44,958,014	26,756,303
Other investment	11	-	-
		<u>44,958,014</u>	<u>26,756,303</u>
Current assets			
Receivable	14	1,000	1,000
Amounts due by subsidiary companies	16	704,953	21,411,472
Tax asset	17	43,298	43,298
Bank balance		48,877	126,847
		<u>798,128</u>	<u>21,582,617</u>
TOTAL ASSETS		<u>45,756,142</u>	<u>48,338,920</u>
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital	19	63,252,750	63,252,750
Reserves	20	(17,539,750)	(14,927,004)
Total equity		<u>45,713,000</u>	<u>48,325,746</u>
LIABILITIES			
Current liability			
Payables	23	43,142	13,174
Total liabilities		<u>43,142</u>	<u>13,174</u>
TOTAL EQUITY AND LIABILITIES		<u>45,756,142</u>	<u>48,338,920</u>

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2011**

	Note	2011 RM	2010 RM
Revenue	24	226,000	-
Other income	26	-	317,604
Administrative expenses		(288,746)	(791,005)
Other expenses		(2,550,000)	(6,300,100)
Operating loss	27	(2,612,746)	(6,773,501)
Finance costs	28	-	-
Loss before taxation		(2,612,746)	(6,773,501)
Income tax expense	17	-	-
Loss for the financial year, representing total comprehensive loss for the financial year		<u>(2,612,746)</u>	<u>(6,773,501)</u>
Loss representing total comprehensive loss attributable to:			
Owners of the Company		<u>(2,612,746)</u>	<u>(6,773,501)</u>

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2011**

	← Attributable to owners of the Company →			Total equity RM
	Share capital RM	Non-distributable Share premium RM	Accumulated losses RM	
At 01 September 2009	63,252,750	12,494,536	(20,648,039)	55,099,247
Total comprehensive loss for the financial year	-	-	(6,773,501)	(6,773,501)
At 31 August 2010	<u>63,252,750</u>	<u>12,494,536</u>	<u>(27,421,540)</u>	<u>48,325,746</u>
At 01 September 2010	63,252,750	12,494,536	(27,421,540)	48,325,746
Total comprehensive loss for the financial year	-	-	(2,612,746)	(2,612,746)
At 31 August 2011	<u>63,252,750</u>	<u>12,494,536</u>	<u>(30,034,286)</u>	<u>45,713,000</u>

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2011

	Note	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(2,612,746)	(6,773,501)
Adjustments for:			
Allowance for impairment on receivables		2,550,000	2,500,000
Bad debt written off		-	500,000
Impairment loss on investment in subsidiary companies		-	3,800,000
Reversal of impairment loss on investment in subsidiary company		-	(317,604)
		<u> </u>	<u> </u>
Operating loss before working capital changes		(62,746)	(291,105)
Increase/(decrease) in payables		29,968	(6,189)
		<u> </u>	<u> </u>
Net cash used in operating activities		(32,778)	(297,294)
		<u> </u>	<u> </u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances to subsidiary companies		(2,975,192)	-
Repayment from subsidiary companies		2,930,000	260,000
		<u> </u>	<u> </u>
Net cash (used in)/from investing activities		(45,192)	260,000
		<u> </u>	<u> </u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(77,970)	(37,294)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		126,847	164,141
		<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	31(b)	48,877	126,847
		<u> </u>	<u> </u>

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011

1. GENERAL

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as set out in note 9. 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 ('Bursa Malaysia').

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 Lot 4085, Kawasan Perindustrian Parit Jamil, 84150 Parit Jawa, Muar, Johor Darul Takzim.

The Board has authorised the issuance of the financial statements on 27 December 2011.

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 6.

The financial statements of the Group and of the Company are prepared under the historical cost convention except as disclosed in the financial statements.

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

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year except the new and revised FRSs adopted by the Group and the Company during the financial year as disclosed in note 4.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**3. SIGNIFICANT ACCOUNTING POLICIES** - continued**a) Subsidiary companies**

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

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at end of the reporting period. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiary companies are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary company's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the consolidated statement of financial position. The accounting policy for goodwill is set out in note 3(h). Any excess of the Group's share in the net fair value of the acquired subsidiary company's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The consolidated statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**3. SIGNIFICANT ACCOUNTING POLICIES** - continued**c) Transactions with non-controlling interests**

Non-controlling interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners of the Company. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

d) Investments in subsidiary companies

Investments 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 profit or loss.

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 profit or loss 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 profit or loss and the unutilised portion of the revaluation surplus on that item is transferred to retained profits.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued
3. SIGNIFICANT ACCOUNTING POLICIES - continued**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 and long leasehold buildings	2%
Furniture and fittings	10%
Long leasehold land	Over leasehold period of 84 to 97 years
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.

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 profit or loss.

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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**3. SIGNIFICANT ACCOUNTING POLICIES** - continued**h) Intangible assets - goodwill**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ('CGU') that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determined the gain or loss on the disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

i) Impairment of non-financial assets

The Group assesses at end of each reporting period whether there is an indication that an asset (except for inventories, assets arising from construction contract, deferred tax assets, and investment property that is measured at fair value) may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use ('VIU'). For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows CGU.

In assessing VIU, the estimated future cash flows expected to be generated by the asset 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 written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent financial period.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**3. SIGNIFICANT ACCOUNTING POLICIES** - continued**j) 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.

k) 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.

l) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**3. SIGNIFICANT ACCOUNTING POLICIES** - continued**l) Financial assets** - continued**i) Financial assets at fair value through profit or loss**

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than twelve months after the reporting period which are classified as non-current.

iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within twelve months after the reporting period which are classified as current.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**3. SIGNIFICANT ACCOUNTING POLICIES** - continued**i) Financial assets** - continued**iv) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within twelve months after the reporting period.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or has been transferred. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**3. SIGNIFICANT ACCOUNTING POLICIES** - continued**m) Impairment of financial assets**

The Group and the Company assess at end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable or other receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent financial period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**3. SIGNIFICANT ACCOUNTING POLICIES** - continued**n) Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

ii) Other financial liabilities

The Group's and the Company's financial liabilities include trade payables, other payables, loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**3. SIGNIFICANT ACCOUNTING POLICIES** - continued**o) Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

p) 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 lease assets 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 profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each financial period.

Property, plant and equipment acquired under finance leases are 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 profit or loss on a straight-line basis over the period of the lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**3. SIGNIFICANT ACCOUNTING POLICIES** - continued**q) Income taxes**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previously financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expenses in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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 end of each reporting period 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 risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

s) Currency translations**i) 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 RM, which is the Company's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**3. SIGNIFICANT ACCOUNTING POLICIES** - continued**s) Currency translations** - continued**ii) Foreign currency transactions**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition on the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at end of the reporting period. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss 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.

t) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the financial period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**3. SIGNIFICANT ACCOUNTING POLICIES** - continued**u) 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.

ii) Post-employment benefits

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

iii) 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 twelve months after the reporting period are discounted to present value.

v) Revenue recognition

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

i) Sale of goods

Revenue 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**3. SIGNIFICANT ACCOUNTING POLICIES** - continued**v) Revenue recognition** - continued**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.

w) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

x) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transactions costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the financial period in which they are declared.

y) 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 group (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 profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued
3. SIGNIFICANT ACCOUNTING POLICIES - continued**z) Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event not wholly within the control of the Group.

Contingent liability and asset are not recognised in the statements of financial position of the Group and the Company.

aa) Statements of cash flows

The statements of cash flows are prepared by using the indirect method.

Cash and cash equivalents for the purpose of the statements of cash flows 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.

4. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs, AMENDMENTS TO FRSs AND ISSUE COMMITTEE ('IC') INTERPRETATIONS

- a) The Group and the Company have adopted the following new and revised FRSs, amendments to FRSs and IC interpretation for financial period beginning on 01 September 2010 which are relevant to the Group and the Company:

FRS 3	Business Combinations
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 132	Financial Instruments: Presentation
IC Interpretation 10	Interim Financial Reporting and Impairment
Improvement to FRSs (2009)	
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimate and Errors
Amendment to FRS 110	Events after the Reporting Period
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 140	Investment Property

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued
4. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs, AMENDMENTS TO FRSs AND ISSUE COMMITTEE ('IC') INTERPRETATIONS - continued

- b) The Group and the Company have adopted the following new and revised FRSs, amendments to FRSs and IC interpretations for financial period beginning on 01 September 2010 which have no material impact on the amounts reported for the current and prior financial years but may affect the accounting for future transactions or arrangements:

FRS 1	First-Time Adoption of Financial Reporting Standards
FRS 4	Insurance Contracts
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associates
Amendment to FRS 2	Share-based Payment Vesting Conditions and Cancellations
Amendment to FRS 5	Non-Current Assets Held for Sale and Discontinued Operations
Amendment to FRS 138	Intangible Assets
Amendment to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 11	FRS 2 Group and Treasury Share Transactions
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-Cash Assets to Owners
Improvement to FRSs (2009)	
Amendment to FRS 5	Non-current Assets Held For Sale and Discontinued Operations
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 128	Investments in Associates
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131	Interests in Joint Ventures
Amendment to FRS 138	Intangible Assets

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**4. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs, AMENDMENTS TO FRSs AND ISSUE COMMITTEE ('IC') INTERPRETATIONS** - continued

c) The adoptions of abovementioned FRSs, amendments to FRSs and IC Interpretations are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for those discussed as follows:

i) **FRS 7 Financial Instruments: Disclosures**

Prior to 01 September 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the financial year ended 31 August 2011.

ii) **FRS 101 Presentation of Financial Statements (Revised)**

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expenses recognised in profit or loss, together with all other items of recognised income and expenses recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's and the Company's objectives, policies and processes for managing capital as disclosed in note 39.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**4. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs, AMENDMENTS TO FRSs AND ISSUE COMMITTEE ('IC') INTERPRETATIONS** - continued

c) The adoptions of abovementioned FRSs, amendments to FRSs and IC Interpretations are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for those discussed as follows: - continued

iii) **Amendment to FRS 117 Leases**

Prior to 01 September 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the building elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payments represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The Amendment to FRS 117 Leases clarifies that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the Amendment to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated.

The following are effects arising from the above change in accounting policy:

	Increase/ (decrease) As at 31 August 2011 RM
Consolidated statement of financial position	
Property, plant and equipment	2,267,140
Prepaid lease payments	(2,267,140)

The following comparatives have been restated:

	Note	Previously stated RM	Reclassification RM	Restated RM
Consolidated statement of financial position 31 August 2010				
Property, plant and equipment	7	43,240,557	2,294,653	45,535,210
Prepaid lease payments	8	2,294,653	(2,294,653)	-
01 September 2009				
Property, plant and equipment	7	44,873,355	2,322,449	47,195,804
Prepaid lease payments	8	2,322,449	(2,322,449)	-

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**4. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs, AMENDMENTS TO FRSs AND ISSUE COMMITTEE ('IC') INTERPRETATIONS - continued**

c) The adoptions of abovementioned FRSs, amendments to FRSs and IC Interpretations are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for those discussed as follows: - continued

iv) FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 01 September 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained profits as at 01 September 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value to estimated future cash flows discounted at the asset's original effective interest rate.

The adoption of FRS 139 in regards to the impairment of trade and other receivables did not have a significant impact on the financial statements to the Group and the Company and no adjustments arising from remeasuring the financial instruments at the beginning of the financial year were necessary to be adjusted against the opening balance of retained profits or another appropriate reserve.

- Non-hedging derivatives

Prior to 01 September 2010, all derivative financial instruments were recognised in the financial statements only upon settlement. These instruments do not qualify for hedge accounting under FRS 139. Hence, upon the adoption of FRS 139, all derivatives held by the Group as at 01 September 2010 are recognised at their fair values totaling RM43,810 at consolidated statement of changes in equity and are classified as financial liabilities at fair value through profit or loss.

- Inter-company loans

During the current and prior financial years, the Company granted interest-free loans and advances to its subsidiary companies. Prior to 01 September 2010, these loans and advances were recorded at cost in the Company's financial statements. Upon the adoption of FRS 139, the interest-free loans or advances are recorded initially at a fair value that is lower than cost. Subsequent to initial recognition, the loans and advances are measured at amortised cost.

As at 01 September 2010, the Company has reclassified and remeasured such loans and advances which the repayment is neither fixed nor expected in the foreseeable future and they are, in substances, part of the Company's net investments in the subsidiary companies. These amounts are stated at cost less accumulated impairment losses and as disclosed in note 9.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**4. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSS, AMENDMENTS TO FRSS AND ISSUE COMMITTEE ('IC') INTERPRETATIONS** - continued

c) The adoptions of abovementioned FRSSs, amendments to FRSSs and IC Interpretations are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for those discussed as follows: - continued

iv) **FRS 139 Financial Instruments: Recognition and Measurement** - continued

- Financial guarantee contracts

As disclosed in note 35, the Company provides unsecured financial guarantees to banks in respect of credit facilities granted to certain subsidiary companies.

The maximum exposure to credit risk amounts to RM25.0 million (2010 - RM30.6 million) representing the outstanding banking facilities of the subsidiary companies as at end of the reporting period.

As at end of the reporting period, there was no indication that any subsidiary companies would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

The following are effects arising from the above changes in accounting policies:

	Note	Increase/(decrease)	
		As at 31 August 2011 RM	As at 01 September 2010 RM
Group			
Consolidated statement of financial position			
Current assets			
Derivative financial instruments	15	48,770	-
Current liabilities			
Derivative financial instruments		-	43,810
Consolidated statement of changes in equity			
Retained profits		43,810	(43,810)
Company			
Statement of financial position			
Non-current assets			
Investments in subsidiary companies	9	20,276,519	20,276,519
Accumulated impairment losses	9	(2,550,000)	(2,550,000)
Current assets			
Amounts due by subsidiary companies	16	(20,276,519)	(20,276,519)
Accumulated impairment losses	16	2,550,000	2,550,000

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued

4. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs, AMENDMENTS TO FRSs AND ISSUE COMMITTEE ('IC') INTERPRETATIONS - continued

c) The adoptions of abovementioned FRSs, amendments to FRSs and IC Interpretations are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for those discussed as follows: - continued

iv) **FRS 139 Financial Instruments: Recognition and Measurement** - continued

The following are effects arising from the above changes in accounting policies:

	Increase
	2011
	RM
Consolidated statement of comprehensive income	
Other income	<u>92,580</u>
Group	
Earnings per share attributable to owners of the Company	
- basic (sen)	<u>0.07</u>

5. NEW AND REVISED FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS NOT ADOPTED

a) FRSs and amendments to FRSs that are not yet effective and have not been early adopted by the Group and the Company:

		For financial period beginning on or after
FRS 9	Financial Instruments	01 January 2013
FRS 10	Consolidated Financial Statements	01 January 2013
FRS 12	Disclosure of Interests in Other Entities	01 January 2013
FRS 13	Fair Value Measurement	01 January 2013
FRS 119	Employee Benefits	01 January 2013
FRS 124	Related Party Disclosures	01 January 2012
FRS 127	Separate Financial Statements	01 January 2013
Amendment to FRS 7	Improving Disclosure about Financial Instruments	01 January 2011
Amendment to FRS 7	Disclosures - Transfers of Financial Assets	01 January 2012
Amendment to FRS 101	Presentation of Items of Other Comprehensive Income	01 July 2012
Amendment to FRS 112	Deferred Tax: Recovery of Underlying Assets	01 January 2012

The adoptions of abovementioned FRSs and amendments to FRSs are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued

5. NEW AND REVISED FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS NOT ADOPTED - continued

- b) Improvements to FRSs (2010) that are not yet effective and have not been early adopted by the Group and by the Company:

		For financial period beginning on or after
Amendment to FRS 3	Business Combinations	01 January 2011
Amendment to FRS 7	Financial Instruments: Disclosures	01 January 2011
Amendment to FRS 101	Presentation of Financial Statements	01 January 2011
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates	01 January 2011
Amendment to FRS 132	Financial Instruments : Presentation	01 January 2011
Amendment to FRS 134	Interim Financial Reporting	01 January 2011
Amendment to FRS 139	Financial Instruments : Recognition and Measurement	01 January 2011

- c) FRSs, Amendments to FRSs and IC Interpretations that are not yet effective and not relevant to the Group and to the Company:

		For financial period beginning on or after
FRS 11	Joint Arrangements	01 January 2013
FRS 12	Disclosure of Interests in Other Entities	01 January 2013
FRS 128	Investment in Associates and Joint Ventures	01 January 2013
Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	01 January 2011
Amendment to FRS 1	Additional Exemptions for First-time Adopters	01 January 2011
Amendment to FRS 1	Severe Hyperinflation and Removal Of Fixed Dates for First-time Adopters	01 January 2012
Amendment to FRS 2	Group Cash-settled Share-based Payment Transactions	01 January 2011
IC Interpretation 4	Determining Whether an Arrangement contains a Lease	01 January 2011
Amendment to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	01 July 2011
IC Interpretation 18	Transfer of Assets from Customers	01 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	01 July 2011
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	01 January 2013

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued

5. NEW AND REVISED FRSSs, AMENDMENTS TO FRSSs AND IC INTERPRETATIONS NOT ADOPTED - continued

- c) FRSSs, Amendments to FRSSs and IC Interpretations that are not yet effective and not relevant to the Group and to the Company: - continued

		For financial period beginning on or after
Improvements to FRS (2010)		
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards	01 January 2011
Amendment to FRS 128	Investments in Associates	01 January 2011
Amendment to FRS 131	Interests in Joint Ventures	01 January 2011
Amendment to IC Interpretation 13	Customer Loyalty Programmes	01 January 2011

- d) Malaysian Accounting Standards Board ('MASB') had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ('MFRS Framework').

The MFRS Framework is a fully IFRS-compliant framework and comprises standards issued by the International Accounting Standards Board ('IASB') that are effective on and after 01 January 2012. The MFRS Framework is to be applied by all Entities Other than Private Entities for annual periods beginning on or after 01 January 2012, with the exception of entities that are within the scope of MFRS 141 'Agriculture' and IC Interpretation 15 'Agreements for Construction of Real Estate', (herein called 'Transitioning Entities').

Transitioning Entities will have the option to select either the MFRS Framework or the Financial Reporting Standards Framework as their financial reporting framework for annual period beginning on 01 January 2012. Adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 01 January 2013.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES
a) Critical judgements made in applying accounting policies

The following is the judgements made by management in the process of applying the Group's accounting policies that have most significant effect on the amounts recognised in the financial statements:

- i) Provision for liquidated ascertained damages ('LAD')

There is no provision for LAD in respect of construction contract undertaken by a subsidiary company in accordance with the terms of agreement, due to the additional variation orders to the contract and the time frame to complete the project has changed. The directors are of the opinion after provision of foreseeable loss of RM400,000 (2010 - nil), there will be no LAD claim from the customer.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES** - continued**a) Critical judgements made in applying accounting policies**

The following is the judgements made by management in the process of applying the Group's accounting policies that have most significant effect on the amounts recognised in the financial statements: - continued

ii) Provision for warranty

A subsidiary company has provided two-year warranty under the construction contract for defective workmanship. Based on past experience of the management, there are limited repairs and claims from customer and under the terms of the agreement, the subsidiary company is not liable for any severity cracks, shrinkage or other faults due to the defective foundation works or site. The directors are of the opinion after provision of foreseeable loss of RM400,000 (2010 - nil), there is no other claim arising from the contract.

iii) Classification between investment properties and property, plant and equipment

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

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

b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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) Inventories obsolescence and 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 2011 was RM25,335,234 (2010 - RM19,528,188).

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES** - continued**b) Key sources of estimation uncertainty** - continued

ii) Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at end of the reporting period is disclosed in note 14.

iii) Construction contracts

The Group recognises contract revenues and expenses in the profit or loss 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 relying on the work of specialist.

The directors believe that the method used are appropriate and the provision of foreseeable loss of RM400,000 is adequate. Thus, there would be no any variance to the Group's revenue and cost of sales.

v) Deferred tax assets

Deferred tax assets are recognised for unused tax losses and reinvestment allowances of a subsidiary company amounting to RM50,529 (2010 - RM224,438), as disclosed in note 12, to the extent that it is probable that taxable profit will be available against which the tax losses and reinvestment allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

v) Impairment of investments 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 investments 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 9(b).

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**7. PROPERTY, PLANT AND EQUIPMENT****Group**

	Note	Land and buildings* RM	Plant, machinery and equipment RM	Motor vehicles RM	Other assets# RM	Total RM
At 31 August 2011						
Cost/valuation						
At 01 September 2010						
As previously stated		38,355,629	13,515,628	8,086,850	5,077,528	65,035,635
Effects of adopting the Amendment to FRS 117	8	2,490,005	-	-	-	2,490,005
Restated		40,845,634	13,515,628	8,086,850	5,077,528	67,525,640
Additions		1,964,209	520,957	168,227	200,002	2,853,395
Disposals		(526,051)	(279,325)	(2,678,787)	(112,674)	(3,596,837)
Write-offs		-	(2,340)	-	(89,565)	(91,905)
At 31 August 2011		42,283,792	13,754,920	5,576,290	5,075,291	66,690,293
Accumulated depreciation and impairment losses						
At 01 September 2010						
As previously stated		5,032,722	7,686,144	6,621,976	2,454,236	21,795,078
Effects of adopting the Amendment to FRS 117	8	195,352	-	-	-	195,352
Restated		5,228,074	7,686,144	6,621,976	2,454,236	21,990,430
Depreciation charge for the financial year		657,715	934,447	503,788	342,914	2,438,864
Disposals		(16,918)	(143,472)	(2,390,633)	(99,947)	(2,650,970)
Write-offs		-	(2,317)	-	(79,317)	(81,634)
Impairment losses		1,330,848	-	-	-	1,330,848
At 31 August 2011		7,199,719	8,474,802	4,735,131	2,617,886	23,027,538
Net carrying amounts						
At cost		34,012,468	5,280,118	841,159	2,457,405	42,591,150
At valuation		1,071,605	-	-	-	1,071,605
At 31 August 2011		35,084,073	5,280,118	841,159	2,457,405	43,662,755

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**7. PROPERTY, PLANT AND EQUIPMENT - continued**
Group

	Note	Land and buildings* RM	Plant, machinery and equipment RM	Motor vehicles RM	Other assets# RM	Total RM
At 31 August 2010						
Cost/valuation						
At 01 September 2009						
As previously stated		38,236,229	18,213,283	8,230,876	4,851,861	69,532,249
Effects of adopting the Amendment to FRS 117	8	2,490,005	-	-	-	2,490,005
Restated		40,726,234	18,213,283	8,230,876	4,851,861	72,022,254
Additions		119,400	966,446	785,626	256,497	2,127,969
Disposals		-	(5,201,113)	(898,552)	(23,135)	(6,122,800)
Write-offs		-	(462,988)	(31,100)	(7,695)	(501,783)
At 31 August 2010		40,845,634	13,515,628	8,086,850	5,077,528	67,525,640
Accumulated depreciation and impairment losses						
At 01 September 2009						
As previously stated		4,354,987	11,378,282	6,774,216	2,151,409	24,658,894
Effects of adopting the Amendment to FRS 117	8	167,556	-	-	-	167,556
Restated		4,522,543	11,378,282	6,774,216	2,151,409	24,826,450
Depreciation charge for the financial year		705,531	1,115,528	764,090	325,110	2,910,259
Disposals		-	(4,460,893)	(885,230)	(16,485)	(5,362,608)
Write-offs		-	(346,773)	(31,100)	(5,798)	(383,671)
At 31 August 2010		5,228,074	7,686,144	6,621,976	2,454,236	21,990,430
Net carrying amounts						
At cost						
At valuation		34,545,955	5,829,484	1,464,874	2,623,292	44,463,605
At 31 August 2010		1,071,605	-	-	-	1,071,605
At 31 August 2010		35,617,560	5,829,484	1,464,874	2,623,292	45,535,210

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

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued

7. PROPERTY, PLANT AND EQUIPMENT - continued

Group

* Land and buildings

Note	Long leasehold land RM	Freehold land RM	Long leasehold buildings RM	Freehold buildings RM	Electrical installation RM	Renovation RM	Worker quarter RM	Total RM
At 31 August 2011								
Cost/valuation								
At 01 September 2010								
	-	9,753,202	10,606,747	16,378,150	770,681	568,438	278,411	38,355,629
Effects of adopting Amendment to FRS 117	8	2,490,005	-	-	-	-	-	2,490,005
Restated	2,490,005	9,753,202	10,606,747	16,378,150	770,681	568,438	278,411	40,845,634
Additions	-	1,877,095	-	43,839	24,275	19,000	-	1,964,209
Disposals	-	(3,000)	-	(520,000)	-	(3,051)	-	(526,051)
At 31 August 2011	2,490,005	11,627,297	10,606,747	15,901,989	794,956	584,387	278,411	42,283,792
Accumulated depreciation and impairment losses								
At 01 September 2010								
	-	15,250	1,713,262	2,205,339	572,359	518,791	7,721	5,032,722
Effects of adopting Amendment to FRS 117	8	195,352	-	-	-	-	-	195,352
Restated	195,352	15,250	1,713,262	2,205,339	572,359	518,791	7,721	5,228,074
Depreciation charge for the financial year	27,513	-	210,184	326,827	66,274	21,349	5,568	657,715
Disposals	-	-	-	(13,867)	-	(3,051)	-	(16,918)
Impairment losses	-	1,312,770	-	18,078	-	-	-	1,330,848
At 31 August 2011	222,865	1,328,020	1,923,446	2,536,377	638,633	537,089	13,289	7,199,719
Net carrying amounts								
At cost	2,267,140	9,227,672	8,683,301	13,365,612	156,323	47,298	265,122	34,012,468
At valuation	-	1,071,605	-	-	-	-	-	1,071,605
At 31 August 2011	2,267,140	10,299,277	8,683,301	13,365,612	156,323	47,298	265,122	35,084,073

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**7. PROPERTY, PLANT AND EQUIPMENT - continued****Group***** Land and buildings**

	Note	Long leasehold land RM	Freehold land RM	Long leasehold buildings RM	Freehold buildings RM	Electrical installation RM	Renovation RM	Worker quarter RM	Total RM
At 31 August 2010									
Cost/valuation									
At 01 September 2009									
As previously stated		-	8,879,023	10,606,747	17,132,929	770,681	568,438	278,411	38,236,229
Effects of adopting Amendment to FRS 117	8	2,490,005	-	-	-	-	-	-	2,490,005
Restated		2,490,005	8,879,023	10,606,747	17,132,929	770,681	568,438	278,411	40,726,234
Additions		-	-	-	119,400	-	-	-	119,400
Reclassification		-	874,179	-	(874,179)	-	-	-	-
At 31 August 2010		2,490,005	9,753,202	10,606,747	16,378,150	770,681	568,438	278,411	40,845,634
Accumulated depreciation and impairment losses									
At 01 September 2009									
As previously stated		-	15,250	1,501,127	1,855,266	497,721	483,470	2,153	4,354,987
Effects of adopting Amendment to FRS 117	8	167,556	-	-	-	-	-	-	167,556
Restated		167,556	15,250	1,501,127	1,855,266	497,721	483,470	2,153	4,522,543
Depreciation charge for the financial year		27,796	-	212,135	350,073	74,638	35,321	5,568	705,531
At 31 August 2010		195,352	15,250	1,713,262	2,205,339	572,359	518,791	7,721	5,228,074
Net carrying amounts									
At cost									
At valuation		2,294,653	8,666,347	8,893,485	14,172,811	198,322	49,647	270,690	34,545,955
At valuation		-	1,071,605	-	-	-	-	-	1,071,605
At 31 August 2010		2,294,653	9,737,952	8,893,485	14,172,811	198,322	49,647	270,690	35,617,560

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued
7. PROPERTY, PLANT AND EQUIPMENT - continued

Group	2011 RM	2010 RM (restated)
Included in the net carrying amounts of property, plant and equipment are:		
a) Property, plant and equipment acquired by mean of hire purchase plans:		
Motor vehicles	<u>631,052</u>	<u>881,331</u>
b) Property, plant and equipment pledged for banking facilities granted to subsidiary companies as disclosed in note 21(b)(i):		
Freehold buildings	13,317,285	12,204,381
Freehold land	5,347,003	5,628,365
Long leasehold buildings	8,683,301	8,893,485
Long leasehold land	<u>2,267,140</u>	<u>2,294,653</u>
	<u>29,614,729</u>	<u>29,020,884</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	2011 RM	<u>Signboard</u> 2010 RM
At cost		
At beginning and end of the financial year	<u>10,797</u>	<u>10,797</u>
Accumulated depreciation		
At beginning and end of the financial year	<u>10,797</u>	<u>10,797</u>
Net carrying amount		
At 31 August	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued

8. PREPAID LEASE PAYMENTS

		Leasehold land unexpired period more than 50 years Group	
	Note	2011 RM	2010 RM
At cost			
At 01 September			
As previously stated		2,490,005	2,490,005
Effects of adopting amendment to FRS 117	7	<u>(2,490,005)</u>	<u>(2,490,005)</u>
As restated		<u>-</u>	<u>-</u>
Less:			
Accumulated amortisation			
At 01 September			
As previously stated		195,352	167,556
Effects of adopting amendment to FRS 117	7	<u>(195,352)</u>	<u>(167,556)</u>
As restated		<u>-</u>	<u>-</u>
Net carrying amount		<u><u>-</u></u>	<u><u>-</u></u>

9. INVESTMENTS IN SUBSIDIARY COMPANIES

		Company	
	Note	2011 RM	2010 RM
Unquoted shares, at cost		<u>40,637,105</u>	<u>40,637,105</u>
Less:			
Accumulated impairment losses			
At 01 September		13,880,802	10,398,406
Additions		-	3,800,000
Reversal		<u>-</u>	<u>(317,604)</u>
At 31 August		<u>13,880,802</u>	<u>13,880,802</u>
		<u>26,756,303</u>	<u>26,756,303</u>
Amounts due from subsidiary companies		23,251,711	-
Less:			
Accumulated impairment losses			
Reclassification	16	2,500,000	-
Additions		<u>2,550,000</u>	<u>-</u>
At 31 August		<u>5,050,000</u>	<u>-</u>
		<u>18,201,711</u>	<u>-</u>
Net carrying amounts		<u><u>44,958,014</u></u>	<u><u>26,756,303</u></u>

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued
9. INVESTMENTS 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>
	2011 (%)	2010 (%)	
Syarikat U.D. Trading Sdn. Bhd. ('UDT')	100.00	100.00	Dealing of furniture, plywood, hardware, parts, equipment and construction materials
U.D. Industries Sdn. Bhd.	99.42	99.42	Ceased its operation during the financial year
U.D. Panelform Sdn. Bhd. ('UDP') @	100.00	100.00	Paper lamination
Sin Wee Seng Industries Sdn. Bhd. ('SWS') *	100.00	100.00	Settee and sofa manufacturing
Poh Keong Industries Sdn. Bhd.	51.00	51.00	Furniture and parts manufacturing
Subsidiary company of UDP			
U.D. Wood Products Sdn. Bhd.	100.00	100.00	Veneer lamination
Subsidiary companies of SWS			
Starlight Industry Sdn. Bhd. *	100.00	100.00	Property investment
Oriena Industry Sdn. Bhd.*	100.00	100.00	Property investment
SWS Homes (M) Sdn. Bhd. ('SWS Home') *	100.00	100.00	Property investment

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued
9. INVESTMENTS 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>
	2011 (%)	2010 (%)	
Subsidiary company of UDT			
Syarikat U.D. Trading Corporation Sdn. Bhd. ('UDTC') @*	100.00	65.00	Log houses manufacturing and construction

* Not audited by John Lim & Associates

@ The auditors' reports of these subsidiary companies contain an emphasis of matter relating to the going concern basis of accounting used in the preparation of their financial statements.

- b) Impairment of investments in subsidiary companies

During the financial year, the Company carried out an impairment assessment on the carrying values of its investments in subsidiary companies due to losses incurred by certain subsidiary companies and/or gross loss positions of certain subsidiary companies. As a result of the review, additional impairment loss of nil (2010 - RM3,800,000) and reversal of impairment loss of nil (2010 - RM317,604) are recognised in the financial statements.

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 8.10%.

The growth rates are based on past experience and industry growth forecasts. Management expects revenue to grow at a growth rate of 4%. Changes in selling price and direct costs are based on past practices, adjusted for future internal restructuring, 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 investments in subsidiary companies would not be further impaired (2010 - RM2,200,000). If the management's estimated pre-tax discount rate applied to the discounted cash flows had been raised by 1%, the cost of investments in subsidiary companies would not be further impaired (2010 - RM220,000).

- c) As disclosed in note 4(c)(iv) the amounts due from subsidiary companies have been reclassified during the financial year. The amounts due are unsecured and interest free. The repayment of the amounts due are neither fixed nor expected in the foreseeable future. As the amounts due are, in substance, part of the Company's investments in the subsidiary companies, they are stated at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued
10. INVESTMENT PROPERTIES

	2011	Group
	RM	2010
		RM
At fair value		
At 01 September	3,309,000	3,437,000
Fair value adjustments	840,000	20,000
Disposals	-	(148,000)
	840,000	(128,000)
At 31 August	4,149,000	3,309,000
	2011	Group
	RM	2010
		RM
At fair value		
- Freehold land	2,017,000	1,177,000
- Freehold shophouse	450,000	450,000
- Freehold condominium	140,000	140,000
- Long leasehold land and buildings	1,542,000	1,542,000
	4,149,000	3,309,000

- a) Investment properties with carrying amount of RM3,037,000 (2010 - RM RM2,197,000) are pledged for banking facilities granted to subsidiary companies as disclosed in note 21(b)(i).
- b) Long leasehold land with carrying amount of RM227,000 (2010 - RM227,000) is yet to be transferred into the name of a subsidiary company.
- c) The strata title of the freehold condominium with a carrying value of RM140,000 (2010 - RM140,000) is yet to be issued by the relevant authorities.
- d) The fair value of the investment properties of the Group at 31 August 2011 is determined by valuation carried out by Messrs. Colliers, Jordan Lee & Jaafar (M'cca) Sdn. Bhd., Hendry Butcher Malaysia (Muar) 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.
- e) The aggregate rental income and direct operating expenses arising from investment properties that generate rental income during the financial year are RM91,600 (2010 - RM101,700) and RM16,563 (2010 - RM13,977) respectively.
- f) The aggregate direct operating expenses arising from investment properties that do not generate rental income during the financial year are RM6,319 (2010 - RM951).

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**11. OTHER INVESTMENTS**

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At cost				
Quoted shares				
- in Malaysia	-	217,312	-	-
- outside Malaysia	-	1,585,981	-	-
Unquoted shares	420,000	420,000	420,000	420,000
	420,000	2,223,293	420,000	420,000
Less:				
Disposals	-	(1,803,293)	-	-
	420,000	420,000	420,000	420,000
Accumulated impairment losses				
At 01 September	420,000	699,818	420,000	420,000
Disposals	-	(279,818)	-	-
At 31 August	420,000	420,000	420,000	420,000
Net carrying amounts	-	-	-	-

12. DEFERRED TAXATION

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

	Group	
	2011 RM	2010 RM
At 01 September	115,820	(108,618)
Recognised in profit or loss (note 17(b)):		
- investment properties	70,050	(4,950)
- property, plant and equipment	181,330	39,150
- reinvestment allowances	(317,650)	904,430
- unused capital allowances	(65,226)	(675,549)
- unused tax losses	(47,737)	(38,643)
	(179,233)	224,438
At 31 August	(63,413)	115,820

Presented after appropriate offsetting as follows:

	Group	
	2011 RM	2010 RM
Deferred tax assets	50,529	224,438
Deferred tax liabilities	(113,942)	(108,618)
	(63,413)	115,820

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**12. DEFERRED TAXATION** - continued

b) The components and movements of deferred tax assets and liabilities of the Group prior to offsetting are as follows:

Group	Reinvestment allowances RM	Unused tax losses RM	Unused capital allowances RM	Deferred tax assets (before offsetting) RM	Offsetting RM	Deferred tax assets (after offsetting) RM
At 01 September 2009	-	288,873	1,918,426	2,207,299	(2,207,299)	-
Recognised in profit or loss	904,430	(38,643)	(675,549)	190,238	34,200	224,438
At 31 August 2010	904,430	250,230	1,242,877	2,397,537	(2,173,099)	224,438
Recognised in profit or loss	(317,650)	(47,737)	(65,226)	(430,613)	256,704	(173,909)
At 31 August 2011	586,780	202,493	1,177,651	1,966,924	(1,916,395)	50,529

	Investment properties RM	Property, plant and equipment RM	Deferred tax liabilities (before offsetting) RM	Offsetting RM	Deferred tax liabilities (after offsetting) RM
At 01 September 2009	(106,200)	(2,209,717)	(2,315,917)	2,207,299	(108,618)
Recognised in profit or loss	(4,950)	39,150	34,200	(34,200)	-
At 31 August 2010	(111,150)	(2,170,567)	(2,281,717)	2,173,099	(108,618)
Recognised in profit or loss	70,050	181,330	251,380	(256,704)	(5,324)
At 31 August 2011	(41,100)	(1,989,237)	(2,030,337)	1,916,395	(113,942)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**12. DEFERRED TAXATION** - continued

	2011	Group
	RM	2010
		RM
c) The deferred tax assets are expected to be reversed as follows:		
Within one year	<u>50,529</u>	<u>224,438</u>

The directors are of the opinion that the subsidiary company is able to produce sufficient taxable profit to realise the deferred tax assets based on the profit projections of the operations of the subsidiary company.

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

	2011	Group
	RM	2010
		RM
Deferred tax assets		
Allowance for impairment on receivables	380,840	400,527
Reinvestment allowances	187,700	572,997
Export allowances	650,499	760,489
Unused capital allowances	346,153	426,251
Unused tax losses	<u>4,586,819</u>	<u>4,494,974</u>
	<u>6,152,011</u>	<u>6,655,238</u>

13. INVENTORIES

	2011	Group
	RM	2010
		RM
At cost		
Raw materials	17,391,119	11,704,878
Work-in-progress	3,348,747	2,151,033
Finished goods	<u>4,291,419</u>	<u>5,666,517</u>
	25,031,285	19,522,428
At net realisable value		
Raw materials	-	5,760
Finished goods	<u>303,949</u>	<u>-</u>
	303,949	5,760
	<u>25,335,234</u>	<u>19,528,188</u>

The Group has written off and written down its inventories by nil (2010 - RM858,275) and RM461,639 (2010 - RM3,648) respectively.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued

14. RECEIVABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade receivables	13,268,394	19,037,068	-	-
Less:				
Allowance for impairment				
At 01 September	1,676,290	1,402,498	-	-
Additions	353,457	349,999	-	-
No longer required	(262,602)	(76,207)	-	-
At 31 August	<u>1,767,145</u>	<u>1,676,290</u>	-	-
	<u>11,501,249</u>	<u>17,360,778</u>	-	-
Amounts due by customers on contracts				
Aggregate costs to date	15,330,735	15,330,735	-	-
Less:				
Attributable losses	(825,509)	(825,509)	-	-
Foreseeable loss	(400,000)	-	-	-
	<u>14,105,226</u>	<u>14,505,226</u>	-	-
Less:				
Progress billing				
At 01 September	(12,977,425)	(8,371,956)	-	-
Advance received from customer	(437,584)	-	-	-
Additions	-	(4,605,469)	-	-
At 31 August	<u>(13,415,009)</u>	<u>(12,977,425)</u>	-	-
Amount due by customers contracts	<u>690,217</u>	<u>1,527,801</u>	-	-
Other receivables and prepaid operating expenses	4,829,964	8,913,667	1,000	1,000
Less:				
Allowance for impairment				
At 01 September	1,597,160	-	-	-
Additions	-	1,597,160	-	-
No longer required	(400,000)	-	-	-
At 31 August	<u>1,197,160</u>	<u>1,597,160</u>	-	-
	<u>3,632,804</u>	<u>7,316,507</u>	-	-
Total	<u>15,824,270</u>	<u>26,205,086</u>	<u>1,000</u>	<u>1,000</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued
14. RECEIVABLES - continued

a) Trade receivables - Group

i) Trade receivables are non-interest bearing and are generally from 30 to 120 days (2010 - 14 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

ii) Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2011 RM
Neither past due nor impaired	6,821,168
1 to 30 days past due not impaired	2,294,372
31 to 60 days past due not impaired	1,311,408
61 to 90 days past due not impaired	311,891
91 to 120 days past due not impaired	185,386
More than 121 days past due not impaired	2,344,169
	6,447,226
	13,268,394
Individual impairment	(1,767,145)
	11,501,249

iii) Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 48% of the Group's trade receivables arise from customers with more than four years of experience with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

iv) Receivables that are past due but not impaired

The Group has trade receivables net of impairment amounting to RM4,680,081 that are past due at end of the reporting period but not impaired.

v) At end of the reporting period, trade receivables arising from export sales amounting to RM1,139,065 have been arranged to be settled via letters of credit issued by reputable banks in countries where the customers are based. The remaining balances of receivables that are past due but not impaired are unsecured in nature. The Group considers the outstanding amounts are still recoverable and there has not been a significant change in credit quality.

The Group does not hold any collateral or other credit enhancements over their balances.

vi) Included in trade receivables of the Group is a retention sum on contracts of RM725,261 (2010 - RM725,261).

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued
14. RECEIVABLES - continued

b) Other receivables - Group

i) Credit terms for other receivables are assessed and approved on a case-by-case basis. Other receivables that are neither past due nor impaired are credit worthy debtors with good payment records with the Group.

ii) Included in other receivables of the Group are:

- advances to suppliers by a subsidiary company, SWS, for the supply of raw materials amounting to RM328,298 (2010 - RM2,305,825).
- deposit of RM1,700,000 (2010 - RM1,600,000) paid by a subsidiary company, SWS Home, for the purchase of property. The commitment to acquire the property is disclosed in note 34.
- advance to a sub-contractor by a subsidiary company, SWS, amounting to RM274,944 (2010 - RM1,711,763).

c) The currency exposure profile of receivables is as follows:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
RM	13,875,032	20,473,175	1,000	1,000
United States Dollar ('USD')	1,949,238	5,731,911	-	-
	<u>15,824,270</u>	<u>26,205,086</u>	<u>1,000</u>	<u>1,000</u>

d) The costs incurred to date on construction contracts include the following charges made during the financial year:

	2011	Group
	RM	2010
		RM
Hiring of machinery	-	39,160
Rental of hostel	-	12,800
Rental of factory	-	128,000
	<u>-</u>	<u>128,000</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**15. DERIVATIVE FINANCIAL INSTRUMENTS**

	Note	Group		2010	
		2011 RM Contract/ Notional Amount	Assets	RM Contract/ Notional Amount	Assets
Non-hedging derivatives:					
Current					
Forward currency contracts	4(c)(iv)	<u>5,331,260</u>	<u>48,770</u>	<u>2,581,645</u>	<u>-</u>
Total held for trading financial assets			<u>48,770</u>		<u>-</u>

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales denominated in USD for which firm commitments existed at end of the reporting period, extending to January 2012 (2010 - September 2010).

During the financial year, the Group recognised a gain of RM92,580 arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward rate. The method and assumptions applied in determining the fair values of derivatives are disclosed in note 37(b)(ii).

Other information on foreign currency risks is disclosed in note 38(d).

16. AMOUNTS DUE BY SUBSIDIARY COMPANIES

	Note	Company	
		2011 RM	2010 RM
Amounts due by subsidiary companies		704,953	23,911,472
Less:			
Allowance for impairment			
At 01 September		2,500,000	-
Addition		-	2,500,000
Reclassification	9	<u>(2,500,000)</u>	<u>-</u>
At 31 August		<u>-</u>	<u>2,500,000</u>
At end of the financial year		<u>704,953</u>	<u>21,411,472</u>

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 2011 - continued
17. TAXATION

a) Movements in the taxation statements are:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At 01 September	(993,325)	(986,554)	(43,298)	(43,298)
Taxation charge for the financial year	38,207	25,582	-	-
Underprovision in prior financial year	13,488	-	-	-
Income tax paid	(51,315)	(28,003)	-	-
Tax deducted at source	-	(4,350)	-	-
	<u>(992,945)</u>	<u>(993,325)</u>	<u>(43,298)</u>	<u>(43,298)</u>
At 31 August	(992,945)	(993,325)	(43,298)	(43,298)
Disclosed as:				
Tax assets	(992,945)	(1,005,325)	(43,298)	(43,298)
Tax liabilities	-	12,000	-	-
	<u>(992,945)</u>	<u>(993,325)</u>	<u>(43,298)</u>	<u>(43,298)</u>

b) The income tax expenses comprise:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Taxation charge for the financial year	38,207	25,582	-	-
Underprovision in prior financial year	13,488	-	-	-
Transfer to/(from) deferred taxation (note 12(a))				
- current financial year	180,452	(224,438)	-	-
- overprovision in prior financial year	(1,219)	-	-	-
	<u>179,233</u>	<u>(224,438)</u>	<u>-</u>	<u>-</u>
Income tax expenses for the financial year	<u>230,928</u>	<u>(198,856)</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**17. 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 profit/(loss) is as follows:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Profit/(loss) before taxation	915,259	(3,132,252)	(2,612,746)	(6,773,501)
Taxation at statutory tax rate of 25%	228,815	(783,063)	(653,187)	(1,693,375)
Tax effects of:				
- income not subject to income tax	(327,895)	(170,827)	-	(79,401)
- double deduction expenses	(45,250)	(91,830)	-	-
- non-allowable expenses	866,216	945,061	653,181	1,772,776
Deferred tax assets not recognised by certain subsidiary companies	241,252	973,148	-	-
Utilisation of previously unrecognised deferred tax assets by certain subsidiary companies	(744,479)	(1,071,345)	-	-
	218,659	(198,856)	-	-
(Over)/underprovision in prior financial year				
- income tax	13,488	-	-	-
- deferred tax	(1,219)	-	-	-
Income tax expenses for the financial year	230,928	(198,856)	-	-

- d) The tax saving arising from the utilisation of previously unused capital allowances and tax losses amounted to approximately RM297,000 (2010 - RM173,000).

- e) The Group and the Company have the following which can be used to offset against future taxable profit:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Export allowances	2,601,996	3,041,957	-	-
Reinvestment allowances	3,097,920	3,228,581	-	-
Unused capital allowances	6,095,216	5,071,903	-	-
Unused tax losses	19,157,248	18,997,556	-	-
	30,952,380	30,339,997	-	-

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**18. FIXED DEPOSITS WITH LICENSED BANKS****Group**

All the fixed deposits of the Group are pledged for credit facilities granted to subsidiary companies as disclosed in note 21(b)(ii) and are held in trust and in the name of a director of the Company and a director of the subsidiary company.

The above fixed deposits have maturity of 365 (2010 - 365) days.

Other information on financial risks of fixed deposits is disclosed in note 38(c).

19. SHARE CAPITAL

	Group and Company			
	2011	2010	2011	2010
	No. of	No. of	RM	RM
	shares	shares		
Ordinary shares of RM0.50 each				
Authorised	<u>200,000,000</u>	<u>200,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid	<u>126,505,500</u>	<u>126,505,500</u>	<u>63,252,750</u>	<u>63,252,750</u>

WARRANTS

The Company had issued 21,084,250 warrants which were listed on Bursa Securities 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:

- i) 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.
- ii) 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.
- iii) 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>	<u>Exercise price per warrant</u> RM	<u>01 September 2010</u>	<u>Number of warrants Bought/ Sold/ Exercised</u>	<u>31 August 2011</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 2011 - continued
20. RESERVES

	2011	Group	2011	Company
	RM	2010	RM	2010
		RM		RM
Non-distributable reserves:				
Share premium	12,494,536	12,494,536	12,494,536	12,494,536
Accumulated losses	<u>(21,633,985)</u>	<u>(22,146,898)</u>	<u>(30,034,286)</u>	<u>(27,421,540)</u>
	<u>(9,139,449)</u>	<u>(9,652,362)</u>	<u>(17,539,750)</u>	<u>(14,927,004)</u>

21. BORROWINGS

	2011	Group
	RM	2010
		RM
Current portion:		
Secured		
Bank overdrafts	942,649	1,665,904
Bankers' acceptances	21,686,018	26,603,356
Hire purchase payables (note 22)	312,279	335,374
Term loans	676,605	704,634
	<u>23,617,551</u>	<u>29,309,268</u>
Unsecured		
Bank overdrafts	-	491,873
Bankers' acceptances	2,134,137	1,822,000
	<u>2,134,137</u>	<u>2,313,873</u>
Total current portion	<u>25,751,688</u>	<u>31,623,141</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued
21. BORROWINGS - continued

	2011	Group
	RM	2010
		RM
Non-current portion:		
Secured		
Hire purchase payables (note 22)	257,760	360,458
Term loans	2,923,288	2,145,594
	<hr/>	<hr/>
Total non-current portion	3,181,048	2,506,052
	<hr/>	<hr/>
Total borrowings	28,932,736	34,129,193
	<hr/>	<hr/>

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

	2011	Group
	RM	2010
		RM
Between one to two years	692,517	501,623
Between two to five years	1,687,021	1,456,119
After five years	543,750	187,852
	<hr/>	<hr/>
	2,923,288	2,145,594
	<hr/>	<hr/>

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 7(b) and 10(a), and floating charges over all the present and future assets of the certain subsidiary companies; and

ii) Fixed deposits as disclosed in note 18.

c) Other information on financial risks of borrowings is disclosed in note 38(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	96	RM23,960 commenced August 2007
Term loan 2	120	RM16,667 commenced February 2007

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued
22. HIRE PURCHASE PAYABLES

	2011 RM	Group 2010 RM
Due within one year	336,575	366,411
Less:		
Future finance charges	<u>(24,296)</u>	<u>(31,037)</u>
	312,279	335,374
Due after one year	275,886	378,020
Less:		
Future finance charges	<u>(18,126)</u>	<u>(17,562)</u>
	257,760	360,458
Future minimum lease payments:		
Not later than one year	336,575	366,411
Later than one year and not later than two years	212,564	268,856
Later than two years and not later than five years	<u>63,322</u>	<u>109,164</u>
Total future minimum lease payments	612,461	744,431
Less:		
Future finance charges	<u>(42,422)</u>	<u>(48,599)</u>
Present value of finance lease liabilities	570,039	695,832
Analysis of present value of finance lease liabilities:		
Not later than one year	312,279	335,374
Later than one year and not later than two years	199,592	253,620
Later than two years and not later than five years	<u>58,168</u>	<u>106,838</u>
	570,039	695,832
Less:		
Amount due within twelve months (note 21)	<u>(312,279)</u>	<u>(335,374)</u>
Amount due after twelve months (note 21)	257,760	360,458

Other information on financial risks of hire purchase payables is disclosed in note 38(c).

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**23. PAYABLES**

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Trade payables	8,213,091	9,899,716	-	-
Other payables				
Sundry payables	2,230,238	3,060,868	11,642	1,174
Accrued operating expenses	1,012,091	818,169	31,500	12,000
	3,242,329	3,879,037	43,142	13,174
	11,455,420	13,778,753	43,142	13,174

Group

a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 14 to 90 days (2010 - 14 to 120 days) terms.

b) Other payables

These amounts are non-interest bearing. Credit terms for other payables are negotiated on a case-by-case basis.

c) Included in sundry payables is an amount of RM5,820 (2010 - RM2,631) due to a firm in which a director of a subsidiary company is the sole proprietor.

d) The currency exposure profile of payables is as follows:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
RM	11,161,594	12,749,891	43,142	13,174
USD	293,826	1,028,862	-	-
	11,455,420	13,778,753	43,142	13,174

24. REVENUE

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Construction contracts	-	4,605,469	-	-
Management fee	-	-	226,000	-
Sales of goods	89,181,722	140,311,179	-	-
	89,181,722	144,916,648	226,000	-

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued
25. COST OF SALES

	2011 RM	Group 2010 RM
Cost of construction contracts	-	4,735,247
Cost of goods sold	75,412,625	122,636,189
	<u>75,412,625</u>	<u>127,371,436</u>

26. OTHER INCOME

Other income comprises the following:

	2011 RM	Group 2010 RM	2011 RM	Company 2010 RM
Allowance for impairment on receivables no longer required	662,602	76,207	-	-
Bad debt recovered	-	100	-	-
Dividend from quoted investments	-	22,245	-	-
Fair value adjustment on investment properties	840,000	20,000	-	-
Foreign exchange gain - realised	544,296	426,045	-	-
- unrealised	-	4,301	-	-
Gain on disposal of investment property	-	317,000	-	-
Gain on disposal of other investments	-	481,598	-	-
Gain on disposal of property, plant and equipment	496,770	229,759	-	-
Insurance claimed	784	5,847	-	-
Interest income	12,036	-	-	-
Net fair value gain on derivative financial instruments	92,580	-	-	-
Rental income	341,167	143,700	-	-
Reversal of impairment loss on investment in subsidiary company	-	-	-	317,604
Sundry revenue	410,738	332,723	-	-
	<u>3,400,973</u>	<u>2,059,525</u>	<u>-</u>	<u>317,604</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**27. OPERATING PROFIT/(LOSS)**

a) This is arrived at after inclusion of the following charges:

	2011	Group	2011	Company
	RM	2010	RM	2010
		RM		RM
		(restated)		
Allowance for impairment on receivables	353,457	1,947,159	2,550,000	2,500,000
Auditors' remuneration:				
Statutory audit				
- Company's auditors	71,000	70,000	17,000	12,000
- other auditors	36,000	28,000	-	-
- (over)/underprovision in prior financial year	(21,250)	5,250	-	-
Non-statutory audit				
- Company's auditors	15,245	10,575	4,925	2,365
Bad debts written off	400,000	588,000	-	500,000
Depreciation	2,438,864	2,910,259	-	-
Foreign exchange loss:				
- realised	88,479	440,747	-	-
- unrealised	-	41,047	-	-
Impairment loss on property, plant and equipment	1,330,848	-	-	-
Impairment loss on investment in subsidiary companies	-	-	-	3,800,000
Inventories written down	461,639	3,648	-	-
Inventories written off	-	858,275	-	-
Levy fee forfeited	-	39,344	-	-
Loss on disposal of property, plant and equipment	32,510	-	-	-
Property, plant and equipment written off	10,271	118,112	-	-
Provision for foreseeable loss	400,000	-	-	-
Rental of				
- crane	600	-	-	-
- cylinder	8	120	-	-
- factory	148,920	102,570	-	-
- hostel	136,760	133,490	-	-
- machinery	800	350	-	-
- office equipment	5,720	12,995	-	-
- premises	26,400	83,878	-	-
- vehicles	-	13,006	-	-

b) Additional information:

	2011	Group
	RM	2010
		RM
Raw materials consumed	<u>62,833,770</u>	<u>106,967,553</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued
27. OPERATING PROFIT/(LOSS) - continued

c) Directors' remuneration:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
i) Directors of the Company				
Executive:				
Fee	110,000	190,000	-	-
Salaries and other emoluments	764,392	1,057,000	70,000	65,000
Defined contribution retirement plan	69,354	100,860	-	-
The estimated monetary value of benefit-in-kind	180,442	365,275	-	-
Other employee benefits	1,575	122,128	-	-
	1,125,763	1,835,263	70,000	65,000
Non-Executive:				
Allowances	48,000	60,000	48,000	60,000
	1,173,763	1,895,263	118,000	125,000

ii) Directors of the subsidiary companies

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Executive:				
Fees	8,000	105,000	-	-
Salaries and other emoluments	367,651	438,000	-	-
Defined contribution retirement plan	34,440	53,760	-	-
The estimated monetary value of benefit-in-kind	39,826	45,143	-	-
Other employee benefits	1,912	21,146	-	-
	451,829	663,049	-	-

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**27. OPERATING PROFIT/(LOSS)** - continued

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

	Number of directors	
	2011	2010
	Nos.	Nos.
Executive directors of the Company		
- Below RM50,000	3	1
- RM100,001 - RM150,000	-	1
- RM200,001 - RM250,000	-	-
- RM250,001 - RM300,000	-	1
- RM300,001 - RM350,000	-	-
- Above RM350,000	2	2
	<u>5</u>	<u>5</u>
Non-executive directors of the Company		
- Below RM50,000	4	4
	<u>9</u>	<u>9</u>

28. FINANCE COSTS

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Interest on				
- bankers' acceptances	757,372	723,069	-	-
- bank overdrafts	88,721	102,497	-	-
- hire purchases	36,445	36,999	-	-
- term loans	174,710	234,291	-	-
	<u>1,057,248</u>	<u>1,096,856</u>	<u>-</u>	<u>-</u>

29. EARNINGS/(LOSS) PER SHAREa) **Basic earnings/(loss) per share**

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

	Group	
	2011	2010
	RM	RM
Profit/(loss) net of tax attributable to owners of the Company	<u>589,401</u>	<u>(2,695,626)</u>
	2011	2010
Number of ordinary shares in issue (units)	<u>126,505,500</u>	<u>126,505,500</u>
Basic earnings/(loss) per share (sen)	<u>0.5</u>	<u>(2.1)</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**29. LOSS PER SHARE** - continued**b) Diluted earnings/(loss) per share**

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

30. ACQUISITION OF A SUBSIDIARY COMPANY

- a) On 14 December 2009, the Group, through its subsidiary company, SWS, acquired SWS Home from related parties.
- b) The subsidiary company, SWS Home, was a dormant company at the date of acquisition and the cost of acquisition was RM2.
- c) The details of net assets acquired and cash flow arising from acquisition of the subsidiary company were as follows:

	Group 2010 RM
Cash in hand	<u>2</u>
Purchase consideration	2
Less:	
Cash and cash equivalents of subsidiary company acquired	<u>(2)</u>
Cash from acquisition of subsidiary company, net of cash acquired	<u>-</u>

31. STATEMENTS OF CASH FLOWS**a) Purchase of property, plant and equipment**

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

	2011 RM	Group 2010 RM
Purchase of property, plant and equipment (note 7)	2,853,395	2,127,969
Financed by hire purchase plan	<u>(300,691)</u>	<u>(458,000)</u>
Cash payments on purchase of property, plant and equipment	<u>2,552,704</u>	<u>1,669,969</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**31. STATEMENTS OF CASH FLOWS** - continued

b) Cash and cash equivalents included in the statement of cash flows comprise the following:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Cash and bank balances	6,553,371	7,727,608	48,877	126,847
Bank overdrafts	(942,649)	(2,157,777)	-	-
	5,610,722	5,569,831	48,877	126,847

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
- Euro Dollar	92	92	-	-
- RM	5,540,990	3,886,509	48,877	126,847
- USD	69,640	1,683,230	-	-
	5,610,722	5,569,831	48,877	126,847

32. 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 9
- ii) Key management personnel
 - Key management personnel represents the executive directors of the Company and its subsidiary companies
- iii) A firm in which Anthony Na Hai Sir, is a sole proprietor
 - Nate Auto Trading
- iv) A firm in which Gan Poh Keong, a director of PKI, is sole proprietor
 - Dee Sin Agency
- v) Mdm. Lee Geok Kim and Mr. Gan Poh Keong are directors of PKI
- vi) Dato' Koh Low @ Koh Kim Toon is a former director of the Company
- vii) A company in which Dato' Koh Low @ Koh Kim Toon is a director
 - U.D. Plywood Industries Sdn. Bhd. ('UDPI')
- viii) Ms. Koh Shih Leng is the daughter of the Dato' Koh Low @ Koh Kim Toon

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued
32. SIGNIFICANT RELATED PARTY DISCLOSURES - continued

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

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Subsidiary companies:					
Management fee received from					
- SWS		-	-	(126,000)	-
- UDT		-	-	(100,000)	-
		<u>-</u>	<u>-</u>	<u>(226,000)</u>	<u>-</u>
Advance to subsidiary companies		<u>-</u>	<u>-</u>	<u>(2,975,192)</u>	<u>-</u>
Repayment from subsidiary companies		<u>-</u>	<u>-</u>	<u>2,930,000</u>	<u>260,000</u>
Allowance for impairment of UDP		<u>-</u>	<u>-</u>	<u>2,550,000</u>	<u>2,500,000</u>
Bad debt written off for PKI		<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
Related parties					
Sales of goods to UDPI	(i)	<u>-</u>	<u>(109,528)</u>	<u>-</u>	<u>-</u>
Purchases of goods from UDPI	(ii)	<u>-</u>	<u>3,624,824</u>	<u>-</u>	<u>-</u>
Disposal of property, plant and equipment to UDPI	(iii)	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>
Acquired SWS Home from Mr. Neo Tiam Hock and Mr. Neo Chee Kiat	(iii)	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued
32. SIGNIFICANT RELATED PARTY DISCLOSURES - continued

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

		Group		Company	
	Note	2011	2010	2011	2010
		RM	RM	RM	RM
Related parties - continued					
Purchase of property, plant and equipment from					
- Ms. Koh Shih Leng	(iii)	-	40,000	-	-
- Nate Auto Trading	(iii)	56,546	-	-	-
Rental of factory paid/payable to					
- Mdm. Lee Geok Kim	(iii)	94,920	94,920	-	-
Foreign workers' expenses paid/payable to					
- Dee Sin Agency	(iii)	73,390	69,246	-	-
- Mr. Gan Poh Keong	(iii)	9,270	-	-	-

- i) The sales of goods to related party were made according to normal course of business based on negotiated and mutually agreed terms.
- ii) The purchases of goods from related party were made according to normal course of business based on negotiated and mutually agreed terms.
- iii) The directors are of the opinion that these transactions are transacted at approximate market prices and mutually agreed terms.
- iv) Information regarding outstanding balances which are unsecured, arising from related party transactions as at 31 August 2011, is disclosed in note 16 and 23.

		Group		Company	
		2011	2010	2011	2010
		RM	RM	RM	RM
c) Compensation paid/payable to key management personnel					
- short term employee benefits		1,521,798	2,403,692	118,000	125,000
- post-employment benefits		103,794	154,620	-	-
		1,625,592	2,558,312	118,000	125,000

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**33. EMPLOYEE BENEFITS EXPENSES**

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Salaries and wages	9,464,510	14,962,871	118,000	125,000
Defined contribution retirement plan	665,689	995,859	-	-
Other employee benefits	292,874	330,318	-	-
	<u>10,423,073</u>	<u>16,289,048</u>	<u>118,000</u>	<u>125,000</u>

34. CAPITAL COMMITMENT

	Group	
	2011 RM	2010 RM
Approved but not contracted for: Property, net of deposit paid amounting to RM1,700,000 (2010 - RM1,600,000) as disclosed in 14(b)(ii)	<u>375,000</u>	<u>475,000</u>

35. CONTINGENT LIABILITIES**UNSECURED****Group**

A customer of the subsidiary company, UDT, has taken legal action against UDT for:

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

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**35. CONTINGENT LIABILITIES** - continued**UNSECURED****Company**

The Company has extended corporate guarantees to bankers for credit facilities to a limit of approximately RM42.67 million (2010 - RM47.9 million), as disclosed in note 4(c)(iv), granted to certain subsidiary companies.

Accordingly, the Company is contingently liable to the extent of credit facilities utilised by the subsidiary companies amounting to approximately RM25.0 million (2010 - RM30.6 million) as of 31 August 2011. There was no indication that the subsidiary companies would default on repayments.

36. SEGMENTAL REPORTING - Group

Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- i. The furniture products segment is a manufacturer of furniture products.
- ii. The property segment is in the business of leasing out land and factory buildings.
- iii. The corporate segment is involved in Group level corporate services.
- iv. The log house segment is construction of log house.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued

36. SEGMENTAL REPORTING - Group - continued

	Furniture products		Property	Corporate		Log house		Adjustments and eliminations		Notes	Per consolidated financial statements		
	2011	2010		2011	2010	2011	2010	2011	2010		2011	2010	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
Revenue:													
External customers	89,181,722	140,311,179	-	-	-	-	-	4,605,469	-	-		89,181,722	144,916,648
Inter-segment	4,996,506	11,039,355	204,000	204,000	226,000	-	-	-	(5,426,506)	(11,243,355)	A	-	-
Total revenue	94,178,228	151,350,534	204,000	204,000	226,000	-	-	4,605,469	(5,426,506)	(11,243,355)		89,181,722	144,916,648
Results:													
Interest expenses	(1,057,248)	(1,096,856)	-	-	-	-	-	-	-	-		(1,057,248)	(1,096,856)
Fair value gains on investment properties	-	-	840,000	20,000	-	-	-	-	-	-		840,000	20,000
Depreciation	2,359,725	2,830,861	36,690	36,690	-	-	42,449	42,708	-	-		2,438,864	2,910,259
Impairment of non-financial assets	1,330,849	3,865,000	-	-	2,550,000	3,000,000	-	-	(2,550,001)	(6,865,000)	A	1,330,848	-
Other non - cash expenses	4,225,367	9,536,846	-	-	-	-	432,510	151,598	(3,000,000)	(6,097,160)	B	1,657,877	3,591,284
Segment profit/(loss)	(583,504)	(2,194,067)	135,928	162,890	(2,612,746)	(6,773,501)	(561,246)	(373,641)	5,594,075	7,142,923	A	1,972,507	(2,035,396)
Assets:													
Additions to non-current assets	2,853,395	2,120,682	-	-	-	-	-	7,287	-	-	C	2,853,395	2,127,969
Segment assets	106,968,013	115,252,366	9,772,061	8,939,837	45,756,142	48,338,920	2,930,199	4,086,475	(69,411,979)	(73,903,506)	D	96,014,436	102,714,092
Segment liabilities	57,515,205	86,436,770	3,372,506	3,419,293	43,142	13,174	6,168,000	6,763,030	(26,710,697)	(48,724,321)	E	40,388,156	47,907,946

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**36. SEGMENTAL REPORTING - Group** - continued

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Impairment of non-financial assets consist of the following items as presented in the respective notes to the financial statements:

	Note	2011 RM	2010 RM
Impairment loss on property, plant and equipment	27(a)	1,330,848	-

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2011 RM	2010 RM
Allowance for impairment	27(a)	353,457	1,947,159
Bad debts written off	27(a)	400,000	588,000
Inventories written down	27(a)	461,639	3,648
Inventories written off	27(a)	-	858,275
Levy fee forfeited	27(a)	-	39,344
Loss on disposal of property, plant and equipment	27(a)	32,510	-
Property, plant and equipment written off	27(a)	10,271	118,112
Provision for foreseeable loss	27(a)	400,000	-
Unrealised foreign exchange loss	27(a)	-	36,746
		1,657,877	3,591,284

C Additions to non-current assets consist of:

	2011 RM	2010 RM
Property, plant and equipment	2,853,395	2,127,969

D The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2011 RM	2010 RM
Tax assets	992,945	1,005,325
Deferred tax assets	50,529	224,438
Inter-segment assets	68,368,505	72,673,743
	69,411,979	73,903,506

E The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2011 RM	2010 RM
Deferred tax liabilities	113,942	108,618
Tax liabilities	-	12,000
Inter-segment liabilities	26,596,755	48,603,703
	26,710,697	48,724,321

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**36. SEGMENTAL REPORTING - Group** - continued**Geographical segment**

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

	2011 RM	2010 RM
Africa	1,524,801	3,040,327
America	2,260,114	4,250,949
Asia Pacific	29,669,688	34,359,425
Australia	4,105,567	1,536,814
Europe	24,510,315	39,427,829
Malaysia	27,111,237	62,301,304
Total revenue	<u>89,181,722</u>	<u>144,916,648</u>

Information about a major customer

Revenue from one major customer amount to RM1,444,371 (2010 - RM2,773,687), arising from sales by the furniture products segment.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

- a) Financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value:

	Note	Group 2011		Company 2011	
		Carrying amounts RM	Fair value RM	Carrying amounts RM	Fair value RM
Financial liabilities:					
Borrowings					
Hire purchase payables	22	257,760	247,147	-	-
Term loans	21	<u>2,923,288</u>	<u>2,808,129</u>	-	-
	Note	Group 2010		Company 2010	
		Carrying amounts RM	Fair value RM	Carrying amounts RM	Fair value RM
Financial asset:					
Derivative financial instruments					
Forward currency contracts	4(c)(iv)	-	(43,810)	-	-
Financial liabilities:					
Borrowings					
Hire purchase payables	22	360,458	356,133	-	-
Term loans	21	<u>2,145,594</u>	<u>1,958,571</u>	-	-

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued
37. FAIR VALUE OF FINANCIAL INSTRUMENTS

b) Determination of fair value

i) The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	<u>Note</u>
Receivables	14
Amounts due by subsidiary companies	16
Borrowings (current)	21
Payables	23

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair value due to the insignificant impact of the discounting.

ii) The fair value of forward exchange contracts is based on the quotations obtained from the counterparty bankers. These quotes are tested for reasonableness by testing the contract forward price for the residual maturity of the contracts.

iii) As disclosed in note 35, the Company has extended financial guarantee to bankers for credit facilities granted to certain subsidiary companies and there is no indication that the subsidiary companies would default on repayments. Thus, the fair value of the financial guarantee contract for the Company is nil.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments to hedge certain risk exposures. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** - continued

a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises principally from trade and other receivables. For other financial assets (including derivatives, cash and balances) the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties with an appropriate credit history. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group manages credit risk by setting credit limits. Trade receivables are monitored on a regular and on going basis for irregularities.

i) Exposure to credit risk

At end of the reporting period, the maximum exposure to credit risk of the Group and of the Company are represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivative financial instruments with positive fair values. The Group and the Company do not hold any collateral or other credit enhancement over their balances.

ii) Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the key trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at end of the reporting period is as follows:

	2011		2010	
	RM	%	RM	%
By country:				
Germany	122,013	1.06	2,773,687	15.98
Malaysia	8,922,831	77.58	12,432,658	71.61
Other countries	2,456,405	21.36	2,154,433	12.41
	<u>11,501,249</u>	<u>100.00</u>	<u>17,360,778</u>	<u>100.00</u>

At end of the reporting period, approximately 13% (2010 - 16%) of the Group's trade receivables were due from one (2010 - one) customer who is located in Malaysia (2010 - Germany).

iii) Financials assets that are neither past due nor impaired

Information regarding receivables that are neither past due nor impaired is disclosed in note 14. Derivative financial instruments and fixed deposits with licensed banks that are neither past due nor impaired are placed with reputable banks with high credit rating.

The Company provides unsecured advances to subsidiary companies. The Company monitors the results of the subsidiary companies regularly.

iv) Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in note 14.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued
38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective are to maintain a balance between continuity of funding and flexibility through the use of stand-by credit, continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

At end of the reporting period, approximately 92% (2010 - 95%) of the Group's borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

Maturity analysis

The table below summarised the maturity profile of the Group's and the Company's liabilities at end of the reporting period based on contractual undiscounted repayment obligations.

Group	Note	2011			Total RM
		On demand or within one year RM	One to five years RM	Over five years RM	
Financial liabilities:					
Borrowings	21	25,751,688	2,637,298	543,750	28,932,736
Payables	23	11,455,420	-	-	11,455,420
Total undiscounted financial liabilities		<u>37,207,108</u>	<u>2,637,298</u>	<u>543,750</u>	<u>40,388,156</u>
Company					
Financial liabilities:					
Payables	23	43,142	-	-	43,142
Total undiscounted financial liabilities		<u>43,142</u>	<u>-</u>	<u>-</u>	<u>43,142</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** - continued

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its borrowings and fixed deposits with licensed banks. The Company borrows principally on a floating rate basis for working capital purpose.

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

	Note	WAEIR %	Within one year RM	One to five years RM	Over Five years RM	Total RM
At 31 August 2011						
Fixed rate						
Fixed deposits with licensed banks	18	3.14	441,036	-	-	441,036
Hire purchase payables	22	5.47	312,279	257,760	-	570,039
Floating rate						
Bank overdrafts	21	8.05	942,649	-	-	942,649
Bankers' acceptances	21	3.33	23,820,155	-	-	23,820,155
Term loans	21	6.97	676,605	2,379,538	543,750	3,599,893
At 31 August 2010						
Fixed rate						
Fixed deposits with licensed banks	18	2.20	409,000	-	-	409,000
Hire purchase payables	22	3.84	335,374	360,458	-	695,832
Floating rate						
Bank overdrafts	21	6.15	2,157,777	-	-	2,157,777
Bankers' acceptances	21	3.03	28,425,356	-	-	28,425,356
Term loans	21	6.68	704,634	1,957,742	187,852	2,850,228

Interest rate risk sensitivity analysis

At end of the reporting period, if interest rate had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM70,907 higher/lower, arising mainly as a result of lower/higher interest expenses on floating rate loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued
38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future value cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency, RM. The foreign currencies in which these transactions are denominated are mainly USD.

Approximately 70% (2010 - 57%) of the Group's sales are denominated in USD. The Company's trade receivables at end of the reporting period as disclosed in the note 14(c).

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At end of the reporting period, the foreign currency balance is as disclosed in note 31(b).

The Group uses forward currency contracts to eliminate the currency exposures on certain percentage of its budgeted sales that are quoted in foreign currency. The period is ranging from 91 days to 157 days. It is the Company's policy to negotiate for good terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

At 31 August 2011, the Group hedged 41% (2010 - 22%) of its foreign currency denominated sales, for which firm commitments existed at end of the reporting period, extending to January 2012 (2010 - September 2010).

Foreign currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the exchange rates against the RM, with all other variables held constant.

	Group 2011 RM <hr/> Profit net of tax
USD / RM - strengthened 5%	+ 82,771
- weakened 5%	- 82,771

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued**39. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to safeguard the Group's ability to provide return for shareholders, benefits for other stakeholders and to maintain an optimal capital structure.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 August 2011 and 31 August 2010.

The Group monitors capital using a gearing ratio, which is total liabilities divided by total equity. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Total liabilities	40,502,098	48,028,564	43,142	13,174
Total equity	56,555,812	55,915,291	45,713,000	48,325,746
Debt-to-equity ratio	<u>72%</u>	<u>86%</u>	<u>0.09%</u>	<u>0.03%</u>

The Group is not subject to any externally imposed capital requirements.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- a) On 28 December 2010, a subsidiary company entered into a Sale and Purchase Agreement with a third party to dispose two units of double-storey semi-detached house with a carrying value of approximately RM506,000 for a total sale consideration of approximately RM400,000.

The transaction was completed during the financial year.

- b) On 11 January 2011, a subsidiary company has acquired 35,000 ordinary shares of RM1 each, representing remaining 35% equity interest in Syarikat U.D. Trading Corporation Sdn. Bhd. for a total cash consideration of RM1.

The transaction was completed during the financial year.

- c) On 20 April 2011, a subsidiary company entered into a Sale and Purchase Agreement with a third party to acquire one plot of industrial land for a purchase consideration of approximately to RM1,812,600.

The transaction was completed during the financial year.

- d) On 29 August 2011, a subsidiary company entered into a Sale and Purchase Agreement with a third party to dispose one plot of leasehold industrial land together with a single storey detached warehouse cum double storey office building with a carrying amount of RM1,227,000 for a sale consideration of RM2,000,000.

The transaction has not completed as at date of this report.

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2011 - continued
41. SUBSEQUENT EVENT AFTER THE FINANCIAL YEAR

- a) On 14 October 2011, a subsidiary company entered into a Sale and Purchase Agreement with a third party to dispose inventories and tools and equipment for a sale consideration of RM1,200,000.
- b) On 17 October 2011, a subsidiary company entered into a Sale and Purchase Agreement with a third party to dispose a piece of freehold land together with a freehold factory building for a sale consideration of RM1,950,000.

42. DISCLOSURE OF REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa Malaysia issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of the accumulated losses of the Group and the Company as at 31 August 2011 into realised and unrealised losses, pursuant to the directive, are as follows:

	2011	
	Group RM	Company RM
Accumulated losses		
- Realised	(21,663,152)	(30,034,286)
- Unrealised	29,167	-
	<u>(21,633,985)</u>	<u>(30,034,286)</u>

The determination of realised and unrealised profits or losses is complied based on Guidance of Special Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.