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

FINANCIAL STATEMENTS
31 AUGUST 2008

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UDS CAPITAL BERHAD
(Incorporated in Malaysia)

CORPORATE INFORMATION

DIRECTORS:	Dato' Koh Low @ Koh Kim Toon (Executive Chairman) Neo Chee Kiat (Managing Director) Dato' Seri Tan King Tai @ Tan Khoon Hai Neo Tiam Hock Ng Sey Wee @ Ang Seh Wee Teh Eng Aun Ng Ah Leet @ Ah Heet Khairilanuar Bin Abdul Rahman Hj Ismail Bin Tunggak @ Hj Ahmad
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 AmIslamic Bank Berhad
SOLICITORS:	Chris Lee & Partners
REGISTRARS:	Plantation Agencies Sdn Berhad Standard Chartered Bank Chambers Lebuh Pantai 10300 Penang Pulau Mutiara Tel: 04-2625333 Fax: 04-2622018
REGISTERED OFFICE:	67, 2nd Floor Room B, Jalan Ali 84000 Muar, Johor Darul Takzim Tel: 06-9541818 Fax: 06-9525823
PRINCIPAL PLACE OF BUSINESS:	PTD 6001, Jalan Perindustrian 5 Kawasan Perindustrian Bukit Bakri Batu 8, 84200 Muar Johor Darul Takzim Tel: 06-9865236 Fax: 06-9865239 Email: udholdings@myjaring.net
STOCK EXCHANGE LISTING:	Second Board 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 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

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

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

RESULTS

	Group RM	Company RM
Loss for the financial year	(7,700,690)	(1,383,990)
Attributable to:		
Equity holders of the Company	(7,339,523)	(1,383,990)
Minority interests	(361,167)	-
	(7,700,690)	(1,383,990)

DIVIDEND

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

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

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

The salient features of the ESOS are as disclosed in note 15 (i) to the financial statements.

DIRECTORS' REPORT – continued

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") - continued

The summary of the movements of ESOS is as follows:-

			Number of unissued ordinary shares under ESOS		
Date granted	Expiry date	Exercised price per share RM	01 September 2007	Exercised	31 August 2008
13.09.2004	12.09.2009	0.58	4,981,971	-	4,981,971

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than directors, who have been granted option to subscribe for less than 360,000 ordinary shares of RM0.50 each in this report. As at 31 August 2008, there is no eligible employee, other than directors, who has been granted option to subscribe for 360,000 and more ordinary share of RM0.50 each.

WARRANTS

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

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

The salient features of the warrants are as disclosed in note 15 (ii) to the financial statements.

The summary of movements of warrants is as follows:-

		Number of warrants		
Date of issue	Exercise price per warrant RM	01 September 2007	Exercised	31 August 2008
02.12.2005	0.80	21,084,250	-	21,084,250

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

DIRECTORS' REPORT - continued

DIRECTORS

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

Dato' Koh Low @ Koh Kim Toon
Neo Chee Kiat
Dato' Seri Tan King Tai @ Tan Khoon Hai
Neo Tiam Hock
Ng Sey Wee @ Ang Seh Wee
Teh Eng Aun
Ng Ah Leet @ Ah Heet
Khairilanuar Bin Abdul Rahman
Hj Ismail Bin Tunggak @ Hj Ahmad

In accordance with the Company's articles of association, Messrs. Neo Chee Kiat, Dato' Seri Tan King Tai @ Tan Khoon Hai and Neo Tiam Hock retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

REMUNERATION COMMITTEE

Remuneration committee comprises:-

Chairman	: Hj Ismail Bin Tunggak @ Hj Ahmad (Independent Non-Executive Director)
Members	: Mr. Teh Eng Aun (Independent Non-Executive Director)
	: Dato' Seri Tan King Tai @ Tan Khoon Hair (Executive Director)

DIRECTORS' SHAREHOLDINGS

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

	Number of ordinary shares of RM0.50 each			
	01 September 2007	Bought	Sold	31 August 2008
Direct interest				
Dato' Koh Low @ Koh Kim Toon	23,795,924	711,400	(500,000)	24,007,324
Neo Chee Kiat	5,858,210	-	-	5,858,210
Dato' Seri Tan King Tai @ Tan Khoon Hai	3,855,520	784,600	-	4,640,120
Neo Tiam Hock	6,336,896	-	-	6,336,896
Ng Sey Wee @ Ang Seh Wee	2,460,510	-	-	2,460,510
Ng Ah Leet @ Ah Heet	2,266,494	-	(100,000)	2,166,494
Khairilanuar Bin Abdul Rahman	60,000	-	-	60,000
Indirect interest				
Dato' Koh Low @ Koh Kim Toon	330,050	-	-	330,050
Neo Chee Kiat	10,000	-	-	10,000
Dato' Seri Tan King Tai @ Tan Khoon Hai	853,650	364,400	-	1,218,050
Neo Tiam Hock	7,331,518	-	-	7,331,518

DIRECTORS' REPORT - continued

DIRECTORS' SHAREHOLDINGS - continued

	Number of options over ordinary shares of RM0.50 each		
	01 September 2007	Granted/Exercised	31 August 2008
Direct interest			
Dato' Koh Low @ Koh Kim Toon	225,372	-	225,372
Neo Chee Kiat	225,372	-	225,372
Dato' Seri Tan King Tai @ Tan Khoon Hai	225,372	-	225,372
Neo Tiam Hock	225,372	-	225,372
Ng Sey Wee @ Ang Seh Wee	225,372	-	225,372
Teh Eng Aun	135,223	-	135,223
Khairilanuar Bin Abdul Rahman	135,223	-	135,223
Hj Ismail Bin Tunggak @ Hj Ahmad	135,223	-	135,223
Indirect interest			
Dato' Koh Low @ Koh Kim Toon	225,372	-	225,372
Neo Tiam Hock	355,586	-	355,586

	Number of warrants		
	01 September 2007	Bought/Sold/Exercised	31 August 2008
Direct interest			
Dato' Koh Low @ Koh Kim Toon	261,967	-	261,967
Neo Chee Kiat	68	-	68
Dato' Seri Tan King Tai @ Tan Khoon Hai	913,182	-	913,182
Neo Tiam Hock	431,149	-	431,149
Ng Sey Wee @ Ang Seh Wee	85	-	85
Indirect interest			
Dato' Koh Low @ Koh Kim Toon	105,275	-	105,275
Dato' Seri Tan King Tai @ Tan Khoon Hai	235,375	-	235,375
Neo Tiam Hock	952	-	952

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

DIRECTORS' REPORT - continued

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than remuneration shown in note 23 (b) to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except as disclosed in note 28 to the financial statements.

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

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

(a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance for doubtful debts had been made; and

   (ii) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances:

   (i) which would require any amounts to be written off for bad debts or would render the amounts allowed for as doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent,

   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading,

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

   (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

   (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person, or

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

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 11 September 2007, a subsidiary company has entered into a Sale and Purchase Agreement to dispose three parcels of freehold land with a carrying value of approximately RM1.4 million for a total sales consideration of approximately RM1.4 million. The transaction has been completed during the financial year.

b) On 30 June 2008, a subsidiary company has entered into a Sale and Purchase Agreement to dispose two units of freehold warehouses with a carrying value of approximately RM710,000 for a total sale consideration of approximately RM800,000.

As at the date of this report, the transaction has not been completed yet.

c) On 29 August 2008, a subsidiary company has entered into Settlement Agreement to settle part of the outstanding balance owing by two suppliers amounting to RM2,282,824 by acquiring two parcels of vacant freehold industrial land from the supplier concerned.

As at the date of this report, the transaction has not been completed yet.

SUBSEQUENT EVENT AFTER THE FINANCIAL YEAR

On 15 September 2008, a subsidiary company, Syarikat U.D. Trading Sdn. Bhd. has increased its investment in subsidiary company, Syarikat U.D. Trading Corporation Sdn. Bhd. by subscribing for 14,000 ordinary shares of RM1 each at par. As a result, the effective interest has increased from 51% to 65% since then.

DIRECTORS' REPORT - continued

AUDITORS

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

Signed in accordance with a resolution of the directors.

Dato' Koh Low @ Koh Kim Toon
Director

Dato' Seri Tan King Tai @ Tan Khoon Hai
Director

Muar

Date: 4 December 2008

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being two of the directors of UDS Capital Berhad do hereby state that, in the opinion of the directors, the accompanying balance sheets, statements of income, of changes in equity and of cash flow together with the notes attached thereto are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 August 2008 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

Signed in accordance with a resolution of the directors.

Dato' Koh Low @ Koh Kim Toon
Director

Dato' Seri Tan King Tai @ Tan Khoon Hai
Director

Date: 4 December 2008

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION

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

Subscribed and solemnly declared)
by the abovenamed at Muar in the)
State of Johore on 4 December)
2008)

Dato' Seri Tan King Tai @ Tan Khoon Hai

Before me,

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UDS CAPITAL BERHAD

Report on the Financial Statements

We have audited the accompanying financial statements of UDS Capital Berhad, which comprise the balance sheet as at 31 August 2008 of the Group and of the Company, and the income statements, statement of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 23 to 77.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
UDS CAPITAL BERHAD - continued

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the financial statements and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in note 7 to the financial statements.

c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

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

FOO KEE FATT
1923/06/09(J)
Partner

Date: 4 December 2008

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

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UDS CAPITAL BERHAD
(Incorporated in Malaysia)

CONSOLIDATED BALANCE SHEET AS AT 31 AUGUST 2008

	Note	2008 RM	2007 RM (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	5	**45,504,932**	47,106,357
Prepaid lease payments	6	**2,350,245**	2,378,040
Investment properties	8	**3,929,984**	3,969,984
Other investments	9	**1,523,475**	1,675,277
		53,308,636	55,129,658
Current assets			
Inventories	10	**38,065,193**	39,479,238
Receivables	11	**33,375,465**	33,054,408
Tax assets	13	**1,182,693**	1,943,504
Fixed deposits with licensed banks	14	**2,738,112**	4,957,154
Cash and bank balances		**4,644,619**	6,511,372
		80,006,082	85,945,676
TOTAL ASSETS		**133,314,718**	141,075,334
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	15	**63,252,750**	63,252,750
Reserves	16	**(2,543,742)**	4,795,781
		60,709,008	68,048,531
Minority interests		**2,494,577**	2,855,744
Total equity		**63,203,585**	70,904,275
LIABILITIES			
Non-current liabilities			
Borrowings	17	**4,245,983**	4,743,111
Deferred taxation	19	**112,351**	1,201,770
		4,358,334	5,944,881
Current liabilities			
Payables	20	**20,583,260**	17,264,066
Tax liabilities	13	**119,763**	1,113
Borrowings	17	**45,049,776**	46,960,999
		65,752,799	64,226,178
Total liabilities		**70,111,133**	70,171,059
TOTAL EQUITY AND LIABILITIES		**133,314,718**	141,075,334

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2008

	Note	**2008 RM**	2007 RM (restated)
Revenue	21	**139,526,621**	135,885,202
Cost of sales		**(127,250,553)**	(118,436,794)
Gross profit		**12,276,068**	17,448,408
Other income	22	**1,217,049**	1,655,447
Administrative expenses		**(11,953,603)**	(10,304,038)
Selling and distribution expenses		**(7,638,259)**	(7,591,815)
Other expenses		**(579,839)**	(1,147,759)
Operating (loss)/profit	23	**(6,678,584)**	60,243
Finance costs	24	**(2,026,933)**	(2,185,811)
Loss before taxation		**(8,705,517)**	(2,125,568)
Income tax expenses	13	**1,004,827**	(334,995)
Loss for the financial year		**(7,700,690)**	(2,460,563)
Attributable to:			
Equity holders of the Company		**(7,339,523)**	(2,551,646)
Minority interests		**(361,167)**	91,083
		(7,700,690)	(2,460,563)
Loss per share attributable to equity holders of the Company (sen)	25		
- basic		**(5.8)**	(2.0)
- diluted		**(5.8)**	(2.0)

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 2008

	Note	← Attributable to equity holders of the Company			→		
			Non-Distributable				
		Share capital RM	Share premium RM	Accumulated losses RM	Total RM	Minority interests RM	Total quity
As at 01 September 2006		63,252,750	12,494,536	(5,147,109)	70,600,177	35,032	70,635,209
Loss for the financial year, representing total recognised income and expense for the financial year		-	-	(2,551,646)	(2,551,646)	91,083	(2,460,563)
Minority interests arising on business combination	26(b)	-	-	-	-	2,680,678	2,680,678
Subscription of shares in subsidiary company by minority interests		-	-	-	-	48,951	48,951
As at 31 August 2007		63,252,750	12,494,536	(7,698,755)	68,048,531	2,855,744	70,904,275

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

UDS CAPITAL BERHAD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2008
- continued

	Attributable to equity holders of the Company					
		Non-Distributable				
	Share capital RM	Share premium RM	Accumulated losses RM	Total RM	Minority interests RM	Total equity RM
As at 01 September 2007	**63,252,750**	**12,494,536**	**(7,698,755)**	**68,048,531**	**2,855,744**	**70,904,275**
Loss for the financial year, representing total recognised income and expense for the financial year	**-**	**-**	**(7,339,523)**	**(7,339,523)**	**(361,167)**	**(7,700,690)**
As at 31 August 2008	**63,252,750**	**12,494,536**	**(15,038,278)**	**60,709,008**	**2,494,577**	**63,203,585**

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

UDS CAPITAL BERHAD
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CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2008

	Note	2008 RM	2007 RM (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(8,705,517)**	(2,125,568)
Adjustments for:			
Allowance for doubtful debts		**907,794**	177,623
Amortisation of prepaid lease payments		**27,795**	28,359
Bad debts written off		**-**	415,542
Depreciation		**3,268,985**	3,056,286
Fair value adjustment on investment properties		**40,000**	-
Impairment loss on property, plant and equipment		**-**	318,403
Impairment loss on other investments		**151,802**	210,000
Interest expenses		**2,026,933**	2,185,811
Inventories written down		**-**	38,759
Investment written off		**-**	5,000
Loss on disposal of property, plant and equipment		**-**	4,959
Property, plant and equipment written off		**1,596**	-
Unrealised foreign exchange loss		**6,927**	32,708
Allowance for doubtful debts no longer required		**(163,714)**	(296,924)
Dividend income		**(76,841)**	(60,508)
Gain on disposal of property, plant and equipment		**(145,390)**	(19,000)
Gain on disposal of quoted investments		**-**	(37,535)
Interest income		**(119,944)**	(224,992)
Negative goodwill written off		**-**	(78,093)
Operating (loss)/profit before working capital changes		**(2,779,574)**	3,630,830
Decrease/(increase) in inventories		**1,414,045**	(1,429,596)
(Increase)/decrease in receivables		**(1,108,118)**	3,014,987
Increase/(decrease) in payables		**3,312,267**	(1,481,521)
Decrease in directors' current accounts		**-**	(97,671)
Cash generated from operations		**838,620**	3,637,029
Income tax paid	13	**(238,727)**	(813,310)
Income tax refund	13	**1,038,120**	1,230,868
Interest paid		**(2,026,933)**	(2,185,811)
Net cash (used in)/from operating activities		**(388,920)**	1,868,776

CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2008 - continued

	Note	2008 RM	2007 RM (restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of a subsidiary company	26(c)	**-**	(2,403,222)
Additions to investment properties		**-**	(14,984)
Purchase of quoted investments		**-**	(74,348)
Purchase of property, plant and equipment	27(a)	**(2,167,181)**	(7,986,324)
Dividend received		**72,317**	55,783
Proceeds from disposal of property, plant and equipment		**1,747,715**	1,536,076
Proceeds from disposal of quoted investment		**-**	250,211
Net cash used in investing activities		**(347,149)**	(8,636,808)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of term loan		**-**	4,300,000
Net changes in short term borrowings		**(2,173,586)**	3,495,830
Repayment of term loans		**(1,070,212)**	(806,470)
Repayment of hire purchase payables		**(941,513)**	(974,429)
Withdrawal of fixed deposits		**2,709,052**	421,220
Placement of fixed deposits		**(490,010)**	(159,437)
Interest received		**162,925**	218,688
Proceeds from issuance of shares to minority interest		**-**	48,951
Net cash (used in)/from financing activities		**(1,803,344)**	6,544,353
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(2,539,413)**	(223,679)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**5,259,062**	5,482,741
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	27(b)	**2,719,649**	5,259,062

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

BALANCE SHEET AS AT 31 AUGUST 2008

	Note	2008 RM	2007 RM
ASSETS			
Non-current assets			
Property, plant and equipment	5	**6,027**	7,107
Investment in subsidiary companies	7	**35,960,246**	37,360,246
		35,966,273	37,367,353
Current assets			
Receivables	11	**1,000**	1,000
Amounts due by subsidiary companies	12	**24,682,052**	24,644,052
Tax asset	13	**43,298**	44,798
Cash and bank balances		**182,382**	206,265
		24,908,732	24,896,115
TOTAL ASSETS		**60,875,005**	62,263,468
EQUITY AND LIABILITIES			
Equity attributable to the Company's equity holders			
Share capital	15	**63,252,750**	63,252,750
Reserves	16	**(2,505,856)**	(1,121,866)
Total equity		**60,746,894**	62,130,884
LIABILITIES			
Current liability			
Payables	20	**128,111**	132,584
Total liabilities		**128,111**	132,584
TOTAL EQUITY AND LIABILITIES		**60,875,005**	62,263,468

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2008

	Note	**2008** **RM**	2007 RM
Revenue	21	**263,000**	335,479
Administrative expenses		**(243,929)**	(312,111)
Other expenses		**(1,403,061)**	(3,489,496)
Operating loss	23	**(1,383,990)**	(3,466,128)
Finance costs	24	**-**	-
Loss before taxation		**(1,383,990)**	(3,466,128)
Income tax expenses	13	**-**	(19,886)
Loss for the financial year		**(1,383,990)**	(3,486,014)
Attributable to:			
Equity holders of the Company		**(1,383,990)**	(3,486,014)

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2008

		Non-distributable		
	Share capital RM	Share premium RM	Accumulated losses RM	Total equity RM
As at 01 September 2006	63,252,750	12,494,536	(10,130,388)	65,616,898
Loss for the financial year, representing total recognised income and expense for the financial year	-	-	(3,486,014)	(3,486,014)
As at 31 August 2007	63,252,750	12,494,536	(13,616,402)	62,130,884
As at 01 September 2007	**63,252,750**	**12,494,536**	**(13,616,402)**	**62,130,884**
Loss for the financial year, representing total recognised income and expense for the financial year	**-**	**-**	**(1,383,990)**	**(1,383,990)**
As at 31 August 2008	**63,252,750**	**12,494,536**	**(15,000,392)**	**60,746,894**

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2008

	Note	2008 RM	2007 RM (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(1,383,990)**	(3,466,128)
Adjustments for:			
Depreciation		**1,080**	1,080
Impairment loss on investment in subsidiary companies		**1,400,000**	3,276,859
Impairment loss on other investments		**-**	210,000
Dividend income		**(263,000)**	(335,479)
Operating loss before working capital changes		**(245,910)**	(313,668)
Decrease in receivables		**-**	3,712,000
(Decrease)/increase in payables		**(4,473)**	20,416
Cash (used in)/generated from operations		**(250,383)**	3,418,748
Income tax paid	13	-	(1,500)
Income tax refund	13	**1,500**	-
Net cash (used in)/from operating activities		**(248,883)**	3,417,248
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of a subsidiary company	26(c)	-	(2,712,000)
Advance to subsidiary companies		**(38,000)**	(1,000,000)
Dividend received from subsidiary companies		**263,000**	280,000
Net cash from/(used in) investing activities		**225,000**	(3,432,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(23,883)**	(14,752)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**206,265**	221,017
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	27(b)	**182,382**	206,265

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

UDS CAPITAL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008

1. GENERAL

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

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

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

The Board has authorised the issuance of the financial statements on 04 December 2008.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

At the beginning of the current financial year, the Group and the Company have adopted new and revised Financial Reporting Standards ("FRSs") which are mandatory for the financial period beginning on 01 September 2007. The adoption of these new and revised FRSs are disclosed in note 3.1.

The financial statements of the Group and of the Company are prepared under the historical cost convention except for the revaluation of certain freehold land and investment properties.

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

3. SIGNIFICANT ACCOUNTING POLICIES

a) Subsidiary companies

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

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

b) Basis of consolidation

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

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

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

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

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

c) Investment in subsidiary companies

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

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

d) Goodwill

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

e) Property, plant and equipment

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is taken into income statements and the unutilised portion of the revaluation surplus on that item is transferred to retained profit.

f) Depreciation

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

No depreciation is provided on construction-in-progress until it is ready for its intended use.

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

The annual rates in use are as follows:-

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

g) Investment properties

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

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

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

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

h) Construction contracts

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

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 period in which they are incurred.

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

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

i) Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

j) Receivables

Receivables are carried at anticipated realisable value.

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

k) Payables

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

l) Lease

i) Finance leases

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

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

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

ii) Operating leases

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

m) Income taxes

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

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

n) Provisions

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

o) Interest bearing borrowings

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

p) Currency translations

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

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

q) Employee benefits

i) Short term benefits

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

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

q) Employee benefits - continued

ii) Post-employment benefits

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

iii) Share-based compensation

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

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

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

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

iv) Termination benefits

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

r) Revenue recognition

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

r) Revenue recognition - continued

i) Sale of goods

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

ii) Construction contracts

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

ii) Rental income

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

iv) Interest income

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

v) Dividend income

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

s) Financial instruments

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

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

Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

t) Impairment of non-financial assets

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

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

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

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

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

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

u) Equity instruments

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

v) Other non-current investments

Non-current investments other than investments in subsidiary companies and investment properties are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in income statements.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

w) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in profit and loss. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is charged or credited to income statements.

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

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

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

y) Contingent liabilities

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

z) Cash flow statements

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

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

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

The Group and the Company have adopted the following new and revised FRSs, amendments to FRSs and interpretations for financial year beginning on 01 September 2007:

FRS 6: Exploration for and Evaluation of Mineral Resources
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7: Applying the Restatement Approach under FRS 129 - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8: Scope of FRS 2
FRS 107: Cash Flow Statements
FRS 111: Construction Contracts
FRS 112: Income Taxes
FRS 117: Leases
FRS 118: Revenue
FRS 120: Accounting for Government Grants and Disclosures of Government Assistance
FRS 124: Related Party Disclosures
FRS 134: Interim Financial Reporting
FRS 137: Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRSs and interpretations does not result in significant changes in accounting policies of the Group except as discussed below:

a) FRS 117 Leases

Prior to 01 September 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payments for land represent prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has adopted transitional provisions of FRS 117. At 01 September 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively.

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

The effect of the Group's comparative figures on adoption of the FRS is as follows:

Group	Note	Previously stated RM	Reclassification RM	Restated RM
Consolidated Balance Sheet as at 31 August 2007				
Property, plant and equipment	5	49,484,397	(2,378,040)	47,106,357
Prepaid lease payments	6	-	2,378,040	2,378,040
Consolidated Income Statement for the financial year ended 31 August 2007				
Amortisation of prepaid lease payments	23(a)	-	28,359	28,359
Depreciation of property, plant and equipment	23(a)	3,084,645	(28,359)	3,056,286

b) **FRS 112 Income Taxes**

With the removal of the relevant provisions in FRS 112 which explicitly prohibit the recognition of deferred tax on reinvestment allowance or other allowances in excess of capital allowance, entities can now account for these items either as tax credits or investment tax credits.

The effect of the Group's comparative figures on adoption of FRS 112 is as follows:-

Group	Note	Previously stated RM	Adjustment RM	Restated RM
Note to the Financial Statements-31 August 2007				
Deferred taxation				
	13(e)	13,206,733	4,066,663	17,273,396
	19(b)	(2,090,631)	(1,072,593)	(3,163,224)

There was no effect in the financial statements mainly due to deferred tax assets have not been recognised in the financial statements as disclosed in note 19(b).

3.2 NEW AND REVISED FRSs AND ISSUES COMMITTEE ("IC") INTERPRETATIONS NOT ADOPTED

The MASB has issued the following FRSs and interpretations that are effective for annual periods beginning after 01 September 2007 and that have not been applied in preparing these financial statements.

	For financial periods beginning on or after
FRS 4 : Insurance Contracts	1 January 2010
FRS 7 : Financial Instruments: Disclosures	1 January 2010
FRS 8 : Operating Segments	1 July 2009
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9 : Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

The above FRSs and IC Interpretations are expected to have no significant impact on the financial statements of the Group and Company upon their initial application (except possibly for FRS 139 which is exempted from disclosure).

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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:

As disclosed in note 11(b) and (d)(i), a subsidiary company has entered into Settlement Agreement to settle part of the outstanding balance owing by two suppliers amounting to RM2,282,824 by acquiring two parcels of vacant freehold industrial land from the supplier concerned.

As at the date of this report, the transaction has not been completed. In light of the transaction not been completed, management was required to consider whether allowance for doubtful debts are required to be made on the outstanding balances.

No allowances for doubtful debts have been made for these balances as the directors are of the view that the transaction will be completed and any outstanding amount will be able to collect from the suppliers concerned.

b) Key sources of estimation uncertainty

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

(i) Depreciation of property, plant and equipment

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS - continued

(ii) Income taxes

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

(iii) Allowance for doubtful debts

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

The carrying amount of the Group's receivables as at 31 August 2008 was RM33,375,465 (2007 - RM33,054,048).

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

(iv) Inventories obsolescence and inventories write down

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

Inventories are reviewed on a regular basis and the Group will make allowance for excess or obsolete inventories and write down to net realizable 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 2008 was RM38,065,193 (2007 - RM39,479,238).

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.

5. PROPERTY, PLANT AND EQUIPMENT

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

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

5. **PROPERTY, PLANT AND EQUIPMENT** - continued

Group

	Note	Land and building*	Plant, machinery and equipment	Motor vehicles	Other assets#	Construction-in-progress	Total
		RM	RM	RM	RM	RM	RM
At 31 August 2007							
Cost/valuation							
At 01 September 2006		28,973,011	13,736,977	6,828,389	3,492,777	3,070,239	56,101,393
Effect adopting FRS 117	6	(2,546,645)	-	-	-	-	(2,546,645)
Restated		26,426,366	13,736,977	6,828,389	3,492,777	3,070,239	53,554,748
Acquisition of subsidiary		4,829,169	1,120,096	649,351	111,305	52,950	6,762,871
Additions		1,588,817	2,240,631	228,150	763,453	2,541,759	7,362,810
Disposal		-	(1,291,899)	-	-	-	(1,291,899)
Reclassification		3,070,239	-	-	-	(3,070,239)	-
At 31 August 2007		35,914,591	15,805,805	7,705,890	4,367,535	2,594,709	66,388,530
Accumulated depreciation and impairment loss							
At 01 September 2006		2,430,650	7,685,621	4,196,464	1,150,741	-	15,463,476
Effect adopting FRS 117	6	(140,246)	-	-	-	-	(140,246)
Restated		2,290,404	7,685,621	4,196,464	1,150,741	-	15,323,230
Acquisition of subsidiary		32,424	608,863	390,454	55,891	-	1,087,632
Depreciation charge for the financial year		601,955	1,250,872	913,296	290,163	-	3,056,286
Disposal		-	(503,378)	-	-	-	(503,378)
Impairment loss		318,403	-	-	-	-	318,403
At 31 August 2007		3,243,186	9,041,978	5,500,214	1,496,795	-	19,282,173
Net carrying amount							
At cost		31,599,800	6,763,827	2,205,676	2,870,740	2,594,709	46,034,752
At valuation		1,071,605	-	-	-	-	1,071,605
At 31 August 2007		32,671,405	6,763,827	2,205,676	2,870,740	2,594,709	47,106,357

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

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

5. **PROPERTY, PLANT AND EQUIPMENT** - continued

Group

*** Land and buildings**

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

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

5. PROPERTY, PLANT AND EQUIPMENT

Group

*** Land and buildings**	Note	Long leasehold land	Freehold land	Long leasehold building	Freehold building	Electrical installation	Renovation	Total
		RM	RM	RM	RM	RM	RM	RM
At 31 August 2007								
Cost/valuation								
At 01 September 2006		2,546,645	5,641,385	10,381,852	9,288,989	617,136	497,004	28,973,011
Effect adopting FRS 117	6	(2,546,645)	-	-	-	-	-	(2,546,645)
Restated		-	5,641,385	10,381,852	9,288,989	617,136	497,004	26,426,366
Acquisition of subsidiary		-	4,765,000	-	64,169	-	-	4,829,169
Additions		-	162,060	224,895	1,172,897	23,465	5,500	1,588,817
Reclassification		-	-	-	3,070,239	-	-	3,070,239
At 31 August 2007		-	10,568,445	10,606,747	13,596,294	640,601	502,504	35,914,591
Accumulated depreciation and impairment loss								
At 01 September 2006		140,246	-	865,312	915,522	218,732	290,838	2,430,650
Effect adopting FRS 117	6	(140,246)	-	-	-	-	-	(140,246)
Restated		-	-	865,312	915,522	218,732	290,838	2,290,404
Acquisition of subsidiary		-	-	-	32,424	-	-	32,424
Depreciation charge for the financial year		-	-	211,543	243,361	76,514	70,537	601,955
Impairment loss		-	318,403	-	-	-	-	318,403
Reclassification		-	(5,998)	-	5,998	-	-	-
At 31 August 2007		-	312,405	1,076,855	1,197,305	295,246	361,375	3,243,186
Net carrying amount								
At cost		-	9,184,435	9,529,892	12,398,989	345,355	141,129	31,599,800
At valuation		-	1,071,605	-	-	-	-	1,071,605
At 31 August 2007		-	10,256,040	9,529,892	12,398,989	345,355	141,129	32,671,405

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

5. PROPERTY, PLANT AND EQUIPMENT - continued

Group	**2008 RM**	2007 RM
Net carrying amount		
a) Property, plant and equipment acquired by mean of hire purchase plans:		
Motor vehicles	**1,756,362**	1,160,641
Plant, machinery and equipment	**1,650,680**	1,334,103
	3,407,042	2,494,744
b) Property, plant and equipment pledged for banking facilities granted to subsidiary companies as disclosed in note 17:		
Freehold buildings	**13,654,763**	10,921,907
Freehold land	**4,698,986**	7,265,593
Long leasehold buildings	**7,227,344**	7,485,604
	25,581,093	25,673,104
c) Property, plant and equipment carried at valuation:		
Freehold land	**1,071,605**	1,071,605
Had this property, plant and equipment been carried at cost:		
Freehold land	**575,643**	575,643

Company	**Signboard RM**
At 31 August 2008	
At cost	
At beginning and end of the financial year	**10,797**
Accumulated depreciation	
At 01 September 2007	**3,690**
Depreciation charge for the financial year	**1,080**
At 31 August 2008	**4,770**
Net carrying amount	
At 31 August 2008	**6,027**

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

5. PROPERTY, PLANT AND EQUIPMENT - continued

Company	Signboard RM
At 31 August 2007	
At cost	
At beginning and end of the financial year	10,797
Accumulated depreciation	
At 01 September 2006	2,610
Depreciation charge for the financial year	1,080
At 31 August 2007	3,690
Net carrying amount	
At 31 August 2007	7,107

6. PREPAID LEASE PAYMENTS

	Leasehold land Unexpired period more than 50 years RM
At 31 August 2008	
At cost	
At beginning and end of the financial year	**2,490,005**
Accumulated amortisation	
At 01 September 2007	**111,965**
Amortisation for the financial year	**27,795**
At 31 August 2008	**139,760**
Net carrying amount	
At 31 August 2008	**2,350,245**

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

6. PREPAID LEASE PAYMENTS - continued

	Note	Leasehold land Unexpired period more than 50 years RM
At 31 August 2007		
At cost		
At 01 September 2006		-
Effect of adopting FRS 117	5	2,546,645
Restated		2,546,645
Additions		733,514
Disposal		(790,154)
At 31 August 2007		2,490,005
Accumulated amortisation		
At 01 September 2006		-
Effect of adopting FRS 117	5	140,246
Restated		140,246
Amortisation for the financial year		28,359
Disposal		(56,640)
At 31 August 2007		111,965
Net carrying amount		
At 31 August 2007		2,378,040

Leasehold land is pledged for banking facilities as disclosed in note 17.

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Note	Company **2008 RM**	Company 2007 RM
At cost			
Unquoted shares			
At 01 September		**40,637,105**	37,925,105
Acquisition of a subsidiary company	26(c)	**-**	2,712,000
At 31 August		**40,637,105**	40,637,105
Less: **Accumulated impairment losses**			
At 01 September		**3,276,859**	-
Additions		**1,400,000**	3,276,859
At 31 August		**4,676,859**	3,276,859
Net carrying amount			
At 31 August		**35,960,246**	37,360,246

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

7. INVESTMENT IN SUBSIDIARY COMPANIES - continued

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

Name	Gross equity interest 2008 (%)	2007 (%)	Principal activities
Syarikat U.D. Trading Sdn. Bhd.	**100.00**	100.00	Dealing of furniture, plywood, small hardware, parts, equipment and construction materials
U.D. Industries Sdn. Bhd.	**99.42**	99.42	Staples, nails and polyethylene foam manufacturing
U.D. Panelform Sdn. Bhd.	**100.00**	100.00	Furniture manufacturing and lamination
Sin Wee Seng Industries Sdn. Bhd.*	**100.00**	100.00	Seatee and sofa manufacturing
Poh Keong Industries Sdn. Bhd.*	**51.00**	51.00	Furniture and parts manufacturing
Subsidiary companies of U.D. Panelform Sdn. Bhd.			
U.D. Wood Products Sdn. Bhd.	**100.00**	100.00	Veneered woods manufacturing
Evergreen Trend Sdn. Bhd.	**100.00**	100.00	Dormant
Subsidiary companies of Sin Wee Seng Industries Sdn. Bhd.			
Starlight Industry Sdn. Bhd.*	**100.00**	100.00	Property investment
Oriena Industry Sdn. Bhd.*	**100.00**	100.00	Property investment
Subsidiary company of Syarikat U.D. Trading Sdn. Bhd.			
Syarikat U.D. Trading Corporation Sdn. Bhd.	**51.00**	51.00	Log houses manufacturing and construction

* Not audited by John Lim & Associates

On 15 September 2008, as disclosed in note 36, Syarikat U.D. Trading Sdn. Bhd. (“UDT”) has acquired additional 14,000 ordinary of RM1 each in the Syarikat U.D. Trading Corporation Sdn. Bhd. (“UDTC”). As a result of this acquisition, UDTC becomes a 65% owned subsidiary of UDT since then.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

8. INVESTMENT PROPERTIES

	Note	Group 2008 RM	2007 RM
At fair value			
At 01 September		**3,969,984**	3,955,000
Additions		**-**	14,984
		3,969,984	3,969,984
Fair value adjustments	23(a)	**(40,000)**	-
At 31 August		**3,929,984**	3,969,984
At fair value			
- Freehold land		**1,244,984**	1,244,984
- Freehold shophouse		**350,000**	350,000
- Freehold condominium		**140,000**	180,000
- Freehold warehouses		**710,000**	710,000
- Long leasehold land and building		**1,485,000**	1,485,000
		3,929,984	3,969,984

a) Investment properties with carrying amount of RM3,265,000 (2007 - RM3,265,000) are pledged for banking facilities granted to subsidiary companies as disclosed in note 17.

b) Long leasehold land with carrying amount of RM240,000 (2007 - RM240,000) is in the midst of being transferred to the name of a subsidiary company.

c) A subsidiary company has entered into agreement on 16 April 2007 with a third party to develop its freehold land with a carrying value of RM284,984. As at balance sheet date, no development has been carried out yet.

d) During the financial year, a subsidiary company has entered into Sale and Purchase Agreement for the disposal of the freehold warehouses with a carrying value of RM710,000 for a total sales consideration of RM800,000 as disclosed in note 35(b).

e) The fair value of the investment properties of the Group at 31 August 2008 is determined by valuation carried out by Messrs. Rahim & Co., Colliers, Jordan Lee & Jaafar (M'cca) Sdn. Bhd. and VPC Alliance (Sabah) Sdn. Bhd., independent professional valuers, using comparison basis to reflect the market value. The valuers have relevant recognised professional qualification and have recent experience in valuing properties in the relevant locations.

f) The aggregate rental income and direct operating expenses arising from investment properties that generate rental income during the financial year are RM126,000 (2007 - RM110,600) and RM8,378 (2007 - RM11,100) respectively.

g) The aggregate direct operating expenses arising from investment properties that do not generate rental income during the financial year are RM290 (2007 - RM636).

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

9. OTHER INVESTMENTS

	Group		Company	
	2008	2007	**2008**	2007
	RM	RM	**RM**	RM
		(restated)		
At cost				
Quoted shares				
- in Malaysia	**217,312**	217,312	**-**	-
- outside Malaysia	**1,585,951**	1,585,981	**-**	-
Unquoted shares	**420,000**	420,000	**420,000**	420,000
	2,223,293	2,223,293	**420,000**	420,000
Less:				
Accumulated impairment losses				
- At 01 September	**548,016**	338,016	**420,000**	210,000
- Recognised in income statement	**151,802**	210,000	**-**	210,000
- At 31 August	**699,818**	548,016	**420,000**	420,000
	1,523,475	1,675,277	**-**	-
Market value of quoted shares				
- in Malaysia	**202,275**	261,000	**-**	-
- outside Malaysia	**1,321,200**	1,497,360	**-**	-
	1,523,475	1,758,360	**-**	-

10. INVENTORIES

	Group	
	2008	2007
	RM	RM
At cost:-		
Raw materials	**20,516,462**	22,198,022
Work-in-progress	**3,962,029**	3,146,206
Finished goods	**13,586,702**	13,786,182
	38,065,193	39,130,410
At net realisable value:-		
Finished goods	**-**	348,828
	38,065,193	39,479,238

The Group has written down its inventories by RM38,759 for the financial year ended 31 August 2007.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

11. RECEIVABLES

	Group		Company	
	2008	2007	**2008**	2007
	RM	RM	**RM**	RM
Trade receivables	**27,161,275**	24,082,508	**-**	-
Less:				
Allowance for doubtful debts				
- As at 01 September	**375,293**	494,594		
- No longer required	**(163,714)**	(296,924)	**-**	-
- Additions	**565,026**	177,623	**-**	-
- As at 31 August	**776,605**	375,293	**-**	-
	26,384,670	23,707,215	**-**	-
Other receivables, deposits and prepayments	**7,333,563**	9,347,193	**1,000**	1,000
Less:				
Allowance for doubtful debts				
- As at 01 September	-	-	**-**	-
- Additions	**342,768**	-	**-**	-
- As at 31 August	**342,768**	-	**-**	-
	6,990,795	9,347,193	**1,000**	1,000
Total	**33,375,465**	33,054,408	**1,000**	1,000

a) The normal credit terms of receivables ranging from 14 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

b) Included in trade receivables are advance payments made to a supplier amounting to RM1,610,995 (2007 - two suppliers amounting to RM3,021,263). A Settlement Agreement, as disclosed in note 35(c), has been entered into with the supplier for the settlement of the outstanding balance.

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

	Group	
	2008	2007
	RM	RM
Euro Dollar	**-**	97,792
United States Dollar	**2,370,228**	3,796,939

d) Included in other receivables are:-

i) Advance to a supplier for the supply of rubberwood amounting to RM1,553,179 (2007 - RM2,053,178). A Settlement Agreement, as disclosed in note 35(c), has been entered into for the settlement of RM671,829 of the outstanding balance.

ii) Amount owing by a vendor amounting to RM876,813 (2007 - RM982,777) for the purchase of freehold land in prior year .

iii) Amount due by a related party, Saribina Holdings (M) Sdn. Bhd. amounting to Nil (2007 - RM248,000).

The related party relationships and transactions are as disclosed in note 28.

12. AMOUNTS DUE BY SUBSIDIARY COMPANIES

Company

The amounts due by subsidiary companies arose mainly from advances which are interest free, unsecured and repayable on demand.

13. TAXATION

a) Movements in the taxation statements are:-

	Group		Company	
	2008	2007	**2008**	2007
	RM	RM	**RM**	RM
At 01 September	**(1,942,391)**	(2,379,745)	**(44,798)**	(7,705)
Acquisition of subsidiary company	**-**	(153,112)		-
Taxation charge for the financial year				
- Malaysian income tax	**128,189**	50,894	**-**	19,886
- Foreign tax	**8,916**	8,602	**-**	-
	137,105	59,496	**-**	19,886
(Over)/underprovision in prior year	**(52,513)**	118,137	-	-
Tax paid				
- Malaysian income tax	**(229,811)**	(804,708)	**-**	(1,500)
- Foreign tax	**(8,916)**	(8,602)	**-**	-
	(238,727)	(813,310)	**-**	(1,500)
Tax refund	**1,038,120**	1,230,868	**1,500**	-
Tax deducted at source	**(4,524)**	(4,725)	**-**	(55,479)
At 31 August	**(1,062,930)**	(1,942,391)	**(43,298)**	(44,798)
Disclosed as:-				
Tax assets	**(1,182,693)**	(1,943,504)	(43,298)	(44,798)
Tax liabilities	**119,763**	1,113	-	-
	(1,062,930)	(1,942,391)	**(43,298)**	(44,798)

13. **TAXATION** - continued

b) The taxation expenses comprise:-

	Group		Company	
	2008	2007	**2008**	2007
	RM	RM	**RM**	RM
Taxation charge for the financial year				
-Malaysian income tax	**128,189**	50,894	**-**	19,886
-Foreign tax	**8,916**	8,602	**-**	-
	137,105	59,496	**-**	19,886
(Over)/underprovision in prior year	**(52,513)**	118,137		-
Transfer (to)/from deferred taxation (note 19)				
- current year	**(24,040)**	261,679	**-**	-
- changes in effective Malaysian income tax rate	**(448,392)**	(75,558)	**-**	-
- overprovision in prior year	**(616,987)**	(28,759)	**-**	-
	(1,089,419)	157,362	**-**	-
Taxation expenses for the financial year	**(1,004,827)**	334,995	**-**	19,886

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

13. TAXATION - continued

	Group		Company	
	2008	2007	**2008**	2007
	RM	RM	**RM**	RM
Loss before taxation	**(8,705,517)**	(2,125,568)	**(1,383,990)**	(3,466,128)
Taxation at statutory tax rate of 26% (2007 - 27%)	**(2,263,434)**	(573,903)	**(359,837)**	(935,855)
Tax effects of:				
- opening deferred tax resulting from a reduction in income tax rate	**(448,392)**	(75,558)	-	-
- tax incentive obtained for preferential tax rate of 20%	**34,676**	63,381	-	-
- income not subject to tax	**(86,403)**	(31,220)	**(68,380)**	(35,100)
- double deduction expenses	**(320,355)**	(329,094)	-	-
- non-allowable expenses	**733,091**	679,348	**428,217**	990,841
Utilisation of previously unrecognised unused capital allowances	**(746)**	-		
Effect of different tax rate in other country	**2,972**	3,010	**-**	**-**
Tax incentives	**(36,591)**	(134,785)	**-**	**-**
Deferred tax recognised at different tax rate	**30,928**	-	**-**	**-**
Deferred tax assets not recognised	**2,018,120**	615,715	**-**	**-**
Others	**807**	28,723	**-**	**-**
	(335,327)	245,617	-	19,886
(Over)/underprovision in prior year				
- income tax	**(52,513)**	118,137	**-**	**-**
- deferred tax	**(616,987)**	(28,759)	**-**	**-**
Income tax expenses for the financial year	**(1,004,827)**	334,995	-	19,886

Domestic current income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective year of assessment 2009. Taxation for other jurisdictions is calculated at the rate prevailing in the respective jurisdictions. Consequently deferred tax assets and liabilities are measured using these tax rates.

Certain subsidiaries of the Group qualify for tax incentive applicable to small-medium enterprise by virtue of having an issued and paid up share capital which is below RM2,500,000. Under this incentive, these subsidiaries enjoy a preferential tax rate of 20% on the first RM500,000 of the estimated assessable profit.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

13. TAXATION - continued

d) The tax saving arising from the utilisation of previously unused capital allowance amounted to approximately RM746 (2007 - Nil).

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

	Group		**Company**	
	2008	2007	**2008**	2007
	RM	RM	**RM**	RM
Reinvestment allowances	**4,207,398**	4,066,663	**-**	-
Unused capital allowances	**3,482,305**	3,588,490	**-**	-
Unused tax losses	**12,563,866**	9,618,243	**-**	-
	20,253,569	17,273,396	**-**	-

14. FIXED DEPOSITS WITH LICENSED BANKS

All the fixed deposits of the Group are pledged for credit facilities granted to subsidiary companies as disclosed in note 17 and fixed deposits amounting to RM1,076,365 (2007 - RM4,745,729) are held in trust in the name of a director.

The above fixed deposits have maturity ranging from 365 to 455 (2007 - 365 to 455) days.

Other information on financial risks of fixed deposits is disclosed in note 33(c).

15. SHARE CAPITAL

	2008 No. of shares	2007 No. of shares	**2008 RM**	2007 RM
Ordinary shares of RM0.50 each				
Authorised	**200,000,000**	200,000,000	**100,000,000**	100,000,000
Issued and fully paid	**126,505,500**	126,505,500	**63,252,750**	63,252,750

i) EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

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

The salient features of the ESOS are summarised as follows:-

(a) The maximum number of new shares of the Company which may be subscribed on the exercise of options granted under the ESOS shall not exceed fifteen per centum (15%) of the issued and paid-up share capital of the Company or such maximum percentages as allowable by any relevant authorities at any point of time during the existence of the ESOS.

15. SHARE CAPITAL - continued

(b) Any employee including any director of the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee:-

(i) is at least eighteen (18) years of age or above;

(ii) in respect of an employee (including Executive Director) is confirmed and employed full-time by and on the payroll of any company in the Group; and

(iii) in respect of a Non-Executive Director, is a member of the board of directors of company(ies) comprised in the Group;

hereinafter known as “Eligible Employees”.

(c) The number of new shares that may be offered and allotted to any Eligible Employees of the Group shall be at the discretion of the Option Committee after taking into consideration the performance, seniority and length of service of the Eligible Employees and such other factors that the Option Committee may deem relevant, subject to the following:-

(i) not more than fifty per centum (50%) (or such percentage as allowable by the relevant authorities) of the shares available under the ESOS should be allocated, in aggregate, to directors and senior management of the Group; and

(ii) not more than ten per centum (10%) (or such percentage as allowable by the relevant authorities) of the shares available under the ESOS should be allocated to any individual director or employee who, either singly or collectively through person connected with the director of employee (as defined in the Listing Requirements), holds twenty per centum (20%) or more in the issued and paid-up share capital of the Company;

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

15. SHARE CAPITAL - continued

(d) The ESOS take effect on 13 September 2004 and continue to be in force for a period of five (5) calendar years from its effective date. However, the ESOS may at the discretion of the Option Committee, be extended or renewed (as the case may be) provided always that the initial ESOS period stipulated above and such extension of ESOS made pursuant to this By-Laws shall not in aggregate exceed a duration of ten (10) years. For the avoidance of doubt, no further sanction, approval or authorisation of the shareholders of the Company in a general meeting is required for any such extension or renewal (as the case may be).

(e) The price at which the grantee is entitled to subscribe for each of the new UDS Capital Berhad's share shall be fixed based on the 5-day weighted average market price of the UDS Capital Berhad's shares, as quoted on the Bursa Securities, at the date of offer with a discount of not more than ten per centum (10%), if deemed appropriate, or such lower or higher limit in accordance with any prevailing guidelines issued by the Bursa Securities or any other relevant authorities as amended from time to time, or at the par value of each of the share of the Company, whichever is higher.

(f) An offer made by the Option Committee to an Eligible Employee shall be valid for a period of fourteen (14) calendar days from the date of offer and shall be accepted within this prescribed period by the Eligible Employee to whom the Offer is made by a written notice to the Option Committee in such form as may be prescribed by the Option Committee of such acceptance accompanied by a payment to the Company of a non-refundable cash consideration of RM1.00 only for the grant of the option. The day of receipt of such written notice shall constitute the date of acceptance.

(g) The new shares to be allotted and issued upon exercise of any option shall upon allotment, rank pari passu in all respects with the existing issued and paid-up ordinary shares of the Company, except that the new shares so allotted shall not be entitled to any dividend, rights, allotment or other distribution unless the shares so allotted have been credited into the relevant securities accounts maintained by the Bursa Malaysia Depository Sdn. Bhd. before the entitlement date and will be subject to all the provisions of the Articles of Association of the company relating to the transfer, transmission or otherwise of the shares of the Company.

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

The summary of the movements of ESOS are as follows:-

			Number of unissued ordinary shares under ESOS		
Date granted	Expiry date	Exercise price per share RM	01 September 2007	Exercised	31 August 2008
13.09.2004	12.09.2009	0.58	4,981,971	-	4,981,971
Exercisable at the end of the financial year					4,981,971

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

15. SHARE CAPITAL - continued

ii) WARRANTS

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

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

The main features of the warrants are as follows:-

a) 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.

b) 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.

c) 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:-

		Number of warrants		
Date of issue	Exercise price per warrant	01 September 2007	Bought/ Sold/ Exercised	31 August 2008
	RM			
02.12.2005	0.80	21,084,250	-	21,084,250

16. RESERVES

	Group		Company	
	2008	2007	**2008**	2007
	RM	RM	**RM**	RM
Non-distributable reserve:				
Share premium	**12,494,536**	12,494,536	**12,494,536**	12,494,536
Distributable reserve:				
Accumulated losses	**(15,038,278)**	(7,698,755)	**(15,000,392)**	(13,616,402)
	(2,543,742)	4,795,781	**(2,505,856)**	(1,121,866)

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

17. BORROWINGS

	Group 2008 RM	Group 2007 RM
Current portion:		
Secured		
Bank overdrafts	**1,479,990**	977,504
Bankers' acceptances	**40,203,060**	43,202,676
Term loans	**663,129**	1,042,180
Hire purchase payables (note 18)	**758,587**	789,833
	43,104,766	46,012,193
Unsecured		
Bank overdrafts	**444,980**	274,806
Bankers' acceptances	**1,500,030**	674,000
	1,945,010	948,806
Total current portion	**45,049,776**	46,960,999
Non-current portion:		
Secured		
Term loans	**3,579,075**	4,270,236
Hire purchase payable (note 18)	**666,908**	472,875
	4,245,983	4,743,111
Total borrowings	**49,295,759**	51,704,110

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

	Group 2008 RM	Group 2007 RM
Between one to two years	**866,313**	418,157
Between two to five years	**1,758,585**	2,360,331
After five years	**954,177**	1,491,748
	3,579,075	4,270,236

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

i) Debenture incorporating legal charges over the properties of the subsidiary companies as disclosed in note 5, 6 and 8, and floating charges over all the present and future assets of the subsidiary companies;

ii) Fixed deposits as disclosed in note 14.

c) Other information on financial risks of borrowings is disclosed in note 33(c).

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

17. BORROWINGS - continued

d) The term loans are repayable as follows:-

Loan account	No. of installments	Monthly repayment
Term loan 1	36	RM19,735 commenced August 2006
Term loan 2	96	RM23,960 commenced August 2007
Term loan 3	120	RM23,793 commenced February 2007

18. HIRE PURCHASE PAYABLES

	Group	
	2008 RM	2007 RM
Due within one year	**811,468**	845,435
Less:		
Future finance charges	**52,881**	55,602
	758,587	789,833
Due after one year	**704,185**	485,723
Less:		
Future finance charges	**37,277**	12,848
	666,908	472,875
Future minimum lease payments:		
Not later than 1 year	**811,468**	845,435
Later than 1 year and not later than 2 years	**512,370**	445,756
Later than 2 years and not later than 5 years	**191,815**	39,967
Total future minimum lease payments	**1,515,653**	1,331,158
Less:		
Future finance charges	**90,158**	68,450
Present value of finance lease liabilities	**1,425,495**	1,262,708
Analysis of present value of finance lease liabilities:		
Not later than 1 year	**758,587**	789,833
Later than 1 year and not later than 2 years	**483,642**	434,071
Later than 2 years and not later than 5 years	**183,266**	38,804
	1,425,495	1,262,708
Less:		
Amount due within 12 months (note 17)	**758,587**	789,833
Amount due after 12 months (note 18)	**666,908**	472,875

Other information on financial risks of hire purchases payables is disclosed in note 33(c).

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

19. DEFERRED TAXATION

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

Group 2008	Balance at 01 September 2007 RM	Recognised in the income statement (Note 13) RM	Balance at 31 August 2008 RM
Deferred tax assets			
Allowance for doubtful debts	(101,329)	78,074	(23,255)
Excess of tax written down value over their property, plant and equipment's net carrying amount	(51,393)	51,393	-
Reinvestment allowances	(136,635)	4,864	(131,771)
Unused tax losses	(127,536)	(110,620)	(238,156)
Unused capital allowances	(216,122)	120,048	(96,074)
	(633,015)	143,759	(489,256)
Deferred tax liabilities			
Excess of property, plant and equipment's net carrying amount over their tax written down value	1,834,785	(1,233,178)	601,607
	1,834,785	(1,233,178)	601,607
Deferred tax liabilities - net	1,201,770	(1,089,419)	112,351

Group 2007	Balance at 01 September 2006 RM	Recognised in the income statement (Note 13) RM	Balance at 31 August 2007 RM
Deferred tax assets			
Allowance for doubtful debts	(70,131)	(31,198)	(101,329)
Excess of tax written down value over their property, plant and equipment's net carrying amount	(26,969)	(24,424)	(51,393)
Reinvestment allowances	(113,656)	(22,979)	(136,635)
Unused tax losses	(212,996)	85,460	(127,536)
Unused capital allowances	(252,064)	35,942	(216,122)
	(675,816)	42,801	(633,015)

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

19. DEFERRED TAXATION - continued

	Balance at 01 September 2006 RM	Recognised in the income statement (Note 13) RM	Acquisition of subsidiary company (Note 26(b)) RM	Balance at 31 August 2007 RM
Deferred tax liabilities				
Excess of property, plant and equipment's net carrying amount over their tax written down value	1,553,713	240,072	41,000	1,834,785
Revaluation surplus on investment properties	61,011	(61,011)	-	-
Revaluation reserve	64,500	(64,500)	-	-
	1,679,224	114,561	41,000	1,834,785
Deferred tax liabilities - net	1,003,408	157,362	41,000	1,201,770

b) Deferred tax assets of the subsidiary companies in the Group are only recognised to the extent where it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. The balance of deferred tax assets 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.

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

	Group		Company	
	2008 RM	2007 RM	**2008 RM**	2007 RM
Excess of property, plant and equipment's net carrying amount over their tax written down value	**900,947**	784,608	**-**	-
Allowance for doubtful debts	**(262,449)**	(101,329)	**-**	-
Reinvestment allowances	**(1,068,007)**	(930,562)	**-**	-
Unused tax losses	**(3,216,087)**	(2,231,173)	**-**	-
Unused capital allowances	**(1,691,395)**	(826,799)	**-**	-
	(5,336,991)	(3,305,255)	**-**	-
Less:				
Deferred tax liabilities	**155,647**	142,031	**-**	-
	(5,181,344)	(3,163,224)	**-**	-

20. PAYABLES

	Group		Company	
	2008	2007	**2008**	2007
	RM	RM	**RM**	RM
Trade payables	**15,370,349**	13,219,664	**-**	-
Amount due to customers on contracts				
Aggregate costs to-date	**-**	-	**-**	-
Add: Attributable profits recognised to date	**-**	-	**-**	-
Less: Progress billings	**368,972**	-	**-**	-
Amounts due to customers on contracts	**368,972**	-	**-**	-
Other payables				
Sundry payables	**4,216,894**	3,027,613	**10,111**	14,584
Payroll liabilities	**277,078**	265,630	**-**	108,000
Deposits received and accruals	**349,967**	751,159	**118,000**	10,000
	4,843,939	4,044,402	**128,111**	132,584
	20,583,260	17,264,066	**128,111**	132,584

Group

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

b) Included in deposits received and accruals is an amount of RM80,000 (2007 - Nil) representing deposit received for the disposal of two units of freehold warehouses as disclosed in note 35(b).

c) The foreign currency exposure of payables is as follows:-

	Group	
	2008	2007
	RM	RM
United States Dollar	**523,920**	1,758,096
Euro Dollar	**-**	103,954

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

21. REVENUE

	Group		Company	
	2008	2007	**2008**	2007
	RM	RM	**RM**	RM
Sales of goods	**139,526,621**	135,885,202	**-**	-
Dividend income from subsidiary companies	**-**	-	**263,000**	335,479
	139,526,621	135,885,202	**263,000**	335,479

22. OTHER INCOME

Other income comprise the following:

	Group		Company	
	2008	2007	**2008**	2007
	RM	RM	**RM**	RM
Allowance for doubtful debts no longer required	**163,714**	296,924	**-**	-
Bad debts recovered	**5,443**	267,143	**-**	-
Dividend from quoted investments	**76,841**	60,508	**-**	-
Foreign exchange gain			**-**	-
- realised	**199,724**	297,513	**-**	-
- unrealised	**-**	2,741	**-**	-
Gain on disposal of property, plant and equipment	**145,390**	19,000	**-**	-
Gain on disposal of quoted investments	**-**	37,535	**-**	-
Insurance claimed	**41,282**	-	**-**	-
Interest income	**119,944**	224,992	**-**	-
Lease of land	**-**	2,500	**-**	-
Negative goodwill written off	**-**	78,093	**-**	-
Rental income	**124,510**	130,200	**-**	-
Sundry revenue	**340,201**	238,298	**-**	-
	1,217,049	1,655,447	**-**	-

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

23. OPERATING LOSS

This is arrived at after inclusion of the following charges:-

a)

	Group		Company	
	2008	2007	**2008**	2007
	RM	RM	**RM**	RM
		(restated)		
Allowance for doubtful debts	**907,794**	177,623	**-**	-
Amortisation of prepaid lease payments	**27,795**	28,359	**-**	-
Auditors' remuneration:				
Statutory audit				
- Company's auditors	**60,000**	60,000	**10,000**	10,000
- other auditors	**37,700**	28,700	**-**	-
Non-statutory audit				
- Company's auditors	**24,275**	23,179	**11,313**	15,945
- other auditors	**-**	31,500	**-**	31,500
Bad debts written off	**-**	415,542	**-**	-
Depreciation	**3,268,985**	3,056,286	**1,080**	1,080
Fair value adjustment on investment properties	**40,000**	-	**-**	-
Foreign exchange loss:				
- unrealised	**6,927**	35,449	**-**	-
- realised	**199,548**	306,863	**-**	-
Impairment loss on investment in subsidiary companies	**-**	-	**1,400,000**	3,276,859
Impairment loss on other investments	**151,802**	210,000	**-**	210,000
Impairment loss on property, plant and equipment	**-**	318,403	**-**	-
Investment written off	**-**	5,000	**-**	-
Inventory written down	**-**	38,759	**-**	-
Loss on disposal of property, plant and equipment	**-**	4,959	**-**	-
Property, plant and equipment written off	**1,596**	-	**-**	-
Rental of				
- cylinder	**-**	119	**-**	-
- factory	**143,420**	90,920	**-**	-
- hostel	**66,130**	61,100	**-**	-
- office equipment	**11,037**	11,037	**-**	-
- premises	**175,110**	189,811	**-**	-
- vehicles	**10,363**	31,708	**-**	-

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

23. OPERATING LOSS - continued

b) Directors' remuneration

	Group		Company	
	2008	2007	**2008**	2007
	RM	RM	**RM**	RM
i) Directors of the Company				
Executive:				
Salaries and other emoluments	**1,250,000**	1,046,000	**60,000**	60,000
Defined contribution retirement plan	**98,640**	73,560	**-**	-
The estimated monetary value of benefit-in-kind	**370,619**	202,873	**-**	-
Other employee benefits	**2,519**	2,501	**-**	-
	1,721,778	1,324,934	**60,000**	60,000
Non-Executive:				
Allowance	**48,000**	60,000	**48,000**	60,000
	1,769,778	1,384,934	**108,000**	120,000

ii) Directors of the subsidiary companies

	Group		Company	
	2008	2007	**2008**	2007
	RM	RM	**RM**	RM
Executive:				
Salaries and other emoluments	**480,500**	**447,000**	**-**	-
Defined contribution retirement plan	**48,060**	**42,960**	**-**	-
The estimated monetary value of benefit-in-kind	**49,200**	**23,300**	**-**	-
Other employee benefits	**3,838**	**2,479**	**-**	-
	581,598	**515,739**	**-**	-

23. OPERATING LOSS - continued

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

	Number of directors	
	2008	2007
	Nos.	Nos.
Executive directors of the Company		
- Below RM50,000	**1**	1
- RM50,001 – RM100,000	**-**	-
- RM100,001 – RM150,000	**-**	-
- RM150,001 – RM200,000	**-**	-
- RM200,001 – RM250,000	**1**	1
- RM250,001 – RM300,000	**-**	-
- RM300,001 – RM350,000	**-**	2
- RM350,001 – RM400,000	**-**	1
- RM400,001 – RM450,000	**-**	-
- RM450,001 – RM500,000	**2**	-
- Above RM500,000	**1**	-
	5	5
Non-executive directors of the Company		
- Below RM50,000	**4**	4
	9	9

24. FINANCE COSTS

	Group		Company	
	2008	2007	**2008**	2007
	RM	RM	**RM**	RM
Interest on				
- bankers' acceptances	**1,547,831**	1,685,539	**-**	-
- bank overdrafts	**123,417**	161,919	**-**	-
- hire purchase	**88,095**	106,369	**-**	-
- trust receipts	**-**	66,714	**-**	-
- term loans	**267,590**	165,239	**-**	-
- overdue	**-**	31	**-**	-
	2,026,933	2,185,811	**-**	-

25. LOSS PER SHARE

a) Basic loss per share

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

	Group	
	2008	2007
	RM	RM
Loss attributable to ordinary equity holders of the Company	**(7,339,523)**	(2,551,646)
	2008	2007
	Units	Units
Number of ordinary shares in issue	**126,505,500**	126,505,500

	Group	
	2008	2007
	RM	RM
Basic loss per share	**(0.058)**	(0.020)

b) Diluted loss per share

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

26. ACQUISITION OF A SUBSIDIARY COMPANY

On 09 October 2006, the Company acquired 51% equity shares in Poh Keong Industries Sdn. Bhd. for cash consideration of RM2,712,000. The principal activity of Poh Keong Industries Sdn. Bhd. is manufacturing of furniture and parts.

The effects of the acquisition of the subsidiary company on the financial statements are as follows:-

a) Effect on the financial results of the Group at the financial year end is as follows:-

	Group acquisition of subsidiary company 2007 RM
Revenue	13,597,818
Profit for the year	297,136

If the acquisition had occurred on 01 September 2006, the Group's revenue and profit for the year would have been RM15,736,299 and RM297,136 respectively.

26. ACQUISITION OF A SUBSIDIARY COMPANY - continued

b) Effect on the financial position of the Group as at year end is as follows:-

	Fair value recognised on acquisition	Acquiree's carrying amount
	RM	RM
Fixed deposit with licensed bank	16,431	16,431
Tax assets	153,112	153,112
Property, plant and equipment	5,675,239	5,675,239
Inventories	1,456,379	1,456,379
Receivables	2,268,257	2,268,257
Cash and cash equivalents	308,778	308,778
Payables	(3,972,846)	(3,972,846)
Borrowings	(393,579)	(393,579)
Deferred tax liability	(41,000)	(41,000)
Increase in Group's net assets	5,470,771	5,470,771
Less: Minority interests	2,680,678	
Group's share of net assets	2,790,093	
Negative goodwill on acquisition	(78,093)	
	2,712,000	

c) The details of net assets acquired and cash flow arising from the acquisition of the subsidiary company are as follows:-

	At date of acquisition 2007 RM
Total purchase consideration satisfied by cash of the Company	2,712,000
Less: Cash and cash equivalents of subsidiary company acquired	(308,778)
Cash flow on acquisition of subsidiary company, net of cash acquired of the Company	2,403,222

There was no acquisition in the financial year ended 31 August 2008 and subsequent to 31 August 2008.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

27. CASH FLOW STATEMENTS

a) Purchase of property, plant and equipment

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

	Group	
	2008	2007
	RM	RM
Purchase of property, plant and equipment (note 5)	**3,271,481**	8,096,324
Financed by hire purchase plan	**(1,104,300)**	(110,000)
Cash payments on purchase of property, plant and equipment	**2,167,181**	7,986,324

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

	Group		Company	
	2008	2007	**2008**	2007
	RM	RM	**RM**	RM
Cash in hand				
- Ringgit Malaysia	**29,014**	34,151	**-**	-
- United States Dollar	**-**	2,789	**-**	-
Cash at banks				
- Ringgit Malaysia	**3,639,938**	5,249,533	**182,382**	206,265
- United States Dollar	**975,284**	1,224,899	**-**	-
- Euro Dollar	**383**	-	**-**	-
	4,644,619	6,511,372	**182,382**	206,265
Bank overdrafts				
- Ringgit Malaysia	**(1,924,970)**	(1,252,310)	**-**	-
	2,719,649	5,259,062	**182,382**	206,265

28. SIGNIFICANT RELATED PARTY DISCLOSURES

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

a) Identity of related parties

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

i) Subsidiary companies of the Company as disclosed in note 7.

ii) A company in which Dato' Seri Tan King Tai @ Tan Khoon Hai is a director
- Tan Commercial Management Services Sdn. Bhd.

iii) A company in which certain directors have financial interest
- Saribina Holdings (M) Sdn. Bhd., a supplier of the Group in which Dato' Seri Tan King Tai @ Tan Khoon Hai and Dato' Koh Low @ Koh Kim Toon are the directors and shareholders.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

28. SIGNIFICANT RELATED PARTY DISCLOSURES - continued

a) Identity of related parties - continued

iv) Key management personnel
- Key management personnel represents the executive directors of the Company and its subsidiary companies.

v) Mr. Lee Geok Kim is a director of a subsidiary company, Poh Keong Industries Sdn. Bhd.

vi) Ms. Koh Shih Hui is sister of Mr. Koh Tie Siang and daughter of Dato' Koh Low @ Koh Kim Toon.

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

		Group		Company	
	Note	**2008 RM**	2007 RM	**2008 RM**	2007 RM
Subsidiaries:					
Dividends received from					
- Sin Wee Seng Industries Sdn. Bhd.		**-**	-	**(120,000)**	(130,000)
- Syarikat UD Trading Sdn. Bhd.		**-**	-	**(143,000)**	(205,479)
Advance to subsidiary companies		**-**	-	**(38,000)**	(1,000,000)
Related parties:					
Rental of factory paid to Lee Geok Kim	(i)	**94,920**	90,920	-	-
Printing charges paid/payable to Tan Commercial Management Services Sdn. Bhd.		**-**	8,460	-	8,460
Advances payments to Saribina Holdings (M) Sdn. Bhd. for the purchases of construction materials		**-**	248,000	-	-
Purchase of property, plant and equipment from Koh Shih Hui	(i)	**35,000**	-	**-**	-

i) The directors are of the opinion that these transactions are transacted at approximate market prices and mutually agreed terms.

ii) Information regarding outstanding balances which are unsecured, arising from related party transactions as at 31 August 2008, is disclosed in note 12.

c) Compensation paid to key management personnel is disclosed in note 23(b).

29. STAFF COSTS

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

	Group		**Company**	
	2008	2007	**2008**	2007
	RM	RM	**RM**	RM
Salaries and wages	**13,242,016**	11,492,744	**108,000**	120,000
Defined contribution retirement plan	**906,218**	791,253	**-**	-
Other employee benefits	**305,767**	151,130	**-**	-
	14,454,001	12,435,127	**108,000**	120,000

30. CONTINGENT LIABILITIES

UNSECURED

Group

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

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

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

Company

The Company has extended corporate guarantees to bankers for credit facilities to a limit of approximately RM72.8 million (2007 - RM99.3 million), as disclosed in note 34, granted to subsidiary companies.

Accordingly, the Company is contingently liable to the extent of credit facilities utilised by the subsidiary companies amounting to approximately RM46.2 million as of 31 August 2008 (2007 - RM41.0 million).

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

31. CAPITAL COMMITMENT

	Group	
	2008	2007
	RM	RM
Authorised but not contracted for:-		
Property, plant and equipment	**-**	3,000,000

32. SEGMENTAL REPORTING - GROUP

Segment information

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

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

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

Segment revenues, expenses and results include transfers between segments. Inter-segment sales are charged at prices offered to major customers. These transactions are eliminated on consolidation.

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

Business segment	Business activity
Manufacturing	Manufacturing of furniture products and log houses
Investment holding	Investment holding
Property investment	Property investment

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

32. SEGMENTAL REPORTING - GROUP - continued

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

2008	Investment holding	Manufacturing	Property investment	Eliminations	Consolidated
	RM	RM	RM	RM	RM
REVENUE AND EXPENSES					
Revenue					
External sales	-	139,526,621	-	-	139,526,621
Dividend income	263,000	-	-	(263,000)	-
Inter-segment revenue	-	15,149,884	204,000	(15,353,884)	-
Total	263,000	154,676,505	204,000	(15,616,884)	139,526,621
Results					
Segment results	(1,646,990)	(6,740,349)	188,811	1,400,000	(6,798,528)
Finance costs	-	(2,026,933)	-	-	(2,026,933)
Finance income	-	119,944	-	-	119,944
Loss before taxation					(8,705,517)
Income tax expenses					1,004,827
Loss for the financial year					(7,700,690)
Attributable to:					
Equity holders of the Company					(7,339,523)
Minority interests					(361,167)
					(7,700,690)
ASSETS AND LIABILITIES					
Segment assets #	189,409	124,041,632	7,900,984	-	132,132,025
Segment liabilities @	128,111	69,745,258	5,650	-	69,879,019
OTHER INFORMATION					
Capital expenditure - Property, plant and equipment	-	3,271,481	-	-	3,279,481
Amortisation of prepaid lease payment	-	27,795	-	-	27,795
Depreciation	1,080	3,231,214	36,691	-	3,268,985
Non-cash expenses other than amortisation and depreciation	1,400,000	1,068,119	40,000	(1,400,000)	1,108,119
					4,404,899

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

32. SEGMENTAL REPORTING - GROUP - continued

BUSINESS SEGMENT

2007 (restated)	Investment holding RM	Manufacturing RM	Property investment RM	Eliminations RM	Consolidated RM
REVENUE AND EXPENSES					
Revenue					
External sales	-	135,885,202	-	-	135,885,202
Dividend income	335,479	-	-	(335,479)	-
Inter-segment revenue	-	24,619,899	199,600	(24,819,499)	-
Total	335,479	160,505,101	199,600	(25,154,978)	135,885,202
Results					
Segment results	(3,723,514)	112,449	176,820	3,269,496	(164,749)
Finance costs	-	(2,193,174)	-	7,363	(2,185,811)
Finance income	-	224,992	-	-	224,992
Loss before taxation					(2,125,568)
Income tax expenses					(334,995)
Loss for the financial year					(2,460,563)
Attributable to:					
Equity holders of the Company					(2,551,646)
Minority interests					91,083
					(2,460,563)
ASSETS AND LIABILITIES					
Segment assets #	214,372	131,705,708	7,211,750	-	139,131,830
Segment liabilities @	132,584	68,830,580	5,012	-	68,968,176
OTHER INFORMATION					
Capital expenditure					
- Property, plant and equipment	-	7,362,810	-	-	7,362,810
- Prepaid lease payments	-	733,514	-	-	733,514
- Acquisition of subsidiary company	-	2,712,000	-	-	2,712,000
Amortisation of prepaid lease payment	-	22,695	5,664	-	28,359
Depreciation	1,080	3,018,520	36,686	-	3,056,286
Non-cash expenses other than amortisation and depreciation	3,486,859	980,485	15,250	(3,276,859)	1,205,735
					4,290,380

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

32. SEGMENTAL REPORTING – GROUP - continued

Geographical segment

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

	2008 RM	2007 RM
Africa	**2,729,941**	2,594,526
America	**7,205,308**	13,205,594
Asia Pacific	**34,315,500**	46,088,816
Australia	**3,192,253**	2,156,291
Europe	**24,121,652**	12,604,487
Malaysia	**67,961,967**	59,235,488
Total revenue	**139,526,621**	135,885,202

33. FINANCIAL RISK MANAGEMENT

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

a) Foreign currency risk

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

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

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

	Currency	Maturity within one to twelve months RM
As at 31 August 2008		
Forward contracts used to hedge sales	United States Dollar	3,241,437

		Maturity within one to twelve months RM
As at 31 August 2007		
Forward contracts used to hedge sales	United States Dollar	11,240,320

The net unrecognised losses as at 31 August 2008 on forward currency contracts used to hedge anticipated sales which are expected to occur in the next twelve months amounted to RM140,917 (2007 - RM336,939) and are deferred until the related sales are transacted, at which time they are included in the measurement of such transactions.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

33. FINANCIAL RISK MANAGEMENT - continued

b) Credit risk

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

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

c) Interest rate risk

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

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

	Note	WAEIR %	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM	Total RM
At 31 August 2008									
Fixed rate									
Hire purchase payables	18	4.77	758,587	483,642	183,266	-	-	-	1,425,495
Fixed deposit with licensed banks	14	3.75	2,680,285	57,827	-	-	-	-	2,738,112
Floating rate									
Bank overdrafts	17	7.82	1,924,970	-	-	-	-	-	1,924,970
Bankers' acceptances	17	3.81	41,703,090	-	-	-	-	-	41,703,090
Term loans	17	6.55	663,129	866,313	1,358,585	200,000	200,000	954,177	4,242,204

33. FINANCIAL RISK MANAGEMENT - continued

c) Interest rate risk - continued

	Note	WAEIR %	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM	Total RM
At 31 August 2007									
Fixed rate									
Hire purchase payables	18	4.95	789,833	434,071	38,804	-	-	-	1,262,708
Fixed deposit with licensed banks	14	4.79	4,900,378	56,776	-	-	-	-	4,957,154
Term loans	17	5.00	377,683	16,110	-	-	-	-	393,793
Floating rate									
Bank overdrafts	17	7.84	1,252,310	-	-	-	-	-	1,252,310
Bankers' acceptances	17	4.71	43,876,676	-	-	-	-	-	43,876,676
Term loans	17	5.71	664,497	402,047	1,798,055	362,276	200,000	1,491,748	4,918,623

d) Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

34. FAIR VALUES

Recognised

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

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

	Group			
	2008		2007	
	Carrying amount RM	**Fair value RM**	Carrying amount RM	Fair value RM
Non-current financial liabilities				
Term loans	**3,579,075**	**3,533,424**	4,270,236	3,994,032
Hire purchase payables	**666,908**	**673,215**	472,875	431,045

b) It is not practical to estimate the fair values of investment in subsidiary companies due to the constraints of timeliness and cost involved. However, at balance sheet date, the net assets of subsidiary companies are RM38,719,900 (2007 - RM46,440,616).

c) It is also not practical to estimate the fair value of amounts due by subsidiary companies principally due to lack of fixed repayment terms entered by the parties involved and without incurring excessive costs. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received.

Unrecognised

a) As at 31 August 2008, the contingent liability not recognised in the balance sheet of the Company is as follow:

		Company		
	Note	Credit facilities limit RM	Amount utilised RM	Net fair value RM
Corporate guarantees	30	72,805,000	46,163,060	-

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

b) The fair values of forward exchange contracts of the Group as at 31 August 2008 are estimated at RM3,100,520 (2007 - RM10,903,381), determined using forward exchange market rate at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS – 31 AUGUST 2008 – continued

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a) On 11 September 2007, a subsidiary company has entered into a Sale and Purchase Agreement to dispose three parcels of freehold land with a carrying value of approximately RM1.4 million for a total sales consideration of approximately RM1.4 million. The transaction has been completed during the financial year.

b) On 30 June 2008, a subsidiary company has entered into a Sale and Purchase Agreement to dispose two units of freehold warehouses with a carrying value of approximately RM710,000 for a total sale consideration of approximately RM800,000.

As at the date of this report, the transaction has not been completed yet.

c) On 29 August 2008, a subsidiary company has entered into Settlement Agreement to settle part of the outstanding balance owing by two suppliers amounting to RM2,282,824 by acquiring two parcels of vacant freehold industrial land from the supplier concerned.

As at the date of this report, the transaction has not been completed yet.

36. SUBSEQUENT EVENT AFTER THE FINANCIAL YEAR

On 15 September 2008, a subsidiary company, Syarikat U.D. Trading Sdn. Bhd. has increased its investment in subsidiary company, Syarikat U.D. Trading Corporation Sdn. Bhd. by subscribing for 14,000 ordinary shares of RM1 each at par. As a result, the effective interest has increased from 51% to 65% since then.

37. COMPARATIVE INFORMATION

The following comparative information figures, other than as mentioned in note 3.1, have been reclassified to conform with current year's presentation:-

		Note	As restated RM	As previously reported RM
a)	Cash flow statement			
	CASH FLOW FROM OPERATING ACTIVITIES			
	Increase in amounts due by subsidiary companies		-	(1,000,000)
	CASH FLOW FROM INVESTING ACTIVITIES			
	Advance to subsidiary companies		(1,000,000)	-
b)	Note to the Financial Statement-31 August 2007	9		
	Other Investments			
	At cost		2,223,293	2,095,277
	Accumulated impairment losses		548,016	420,000

The above reclassifications have no impact on the net loss attributable to the shareholders.