FUTUTECH BERHAD (122592-U)

ANNUAL REPORT 2009

FUTUTECH 富德

# ANNUAL REPORT 2009

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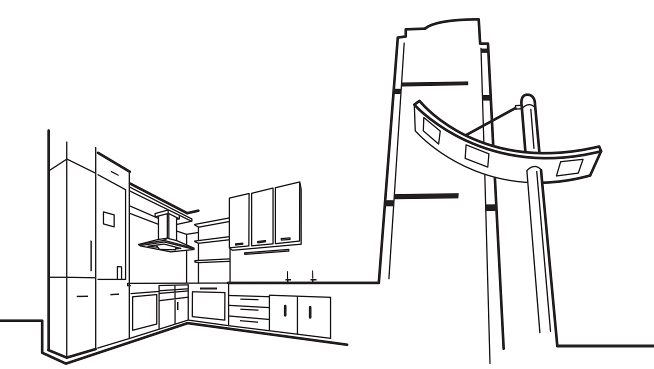
FUTUTECH BERHAD
(122592-U)



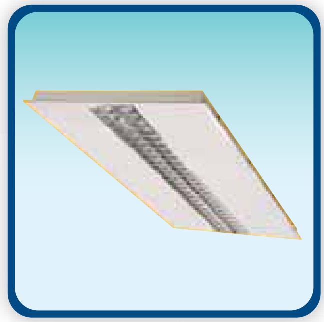
# Contents







# Corporate Information



## BOARD OF DIRECTORS

**Encik Kamil Ahmad Merican**
*Non-Independent Non-Executive Chairman*

**Mr. Loo Soo Loong, Evan**
*Chief Executive Officer*

**Mr. Chan Kok Leong, Eric**
*Non-Independent Non-Executive Director*

**Mr. Vijeyaratnam a/l V. Thamotharam Pillay**
*Independent Non-Executive Director*

**Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof**
*Independent Non-Executive Director*

### COMPANY SECRETARY

Ang Hong Mai *(MAICSA REG No. 0864039)*

### REGISTERED OFFICE

Level 3A (Annexe)
Menara Milenium
8 Jalan Damanlela
Damansara Heights
50490 Kuala Lumpur
Tel : 603-2095 6868
Fax : 603-2095 9898

### REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 603-2084 9000
Fax : 603-2094 9940

### AUDITORS

Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : 603-7495 8000
Fax : 603-2095 9076

### PRINCIPAL BANKERS

Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

### WEBSITE

www.fututech.com.my

# Profile of Directors

**ENCIK KAMIL AHMAD MERICAN**
Non-Independent Non-Executive Chairman
*Malaysian, 60 years of age*

Encik Kamil Ahmad Merican was appointed as a Non-Independent Non-Executive Chairman of Fututech Berhad on 22 May 2007. Encik Kamil graduated in Architecture from Universiti Teknologi Malaysia and the Architectural Association in London. He has worked in various architectural firms in London and Malaysia and possesses vast experience in the architectural field. Currently, Encik Kamil is the Chief Executive Officer of GDP Architects Sdn. Bhd. and an external examiner for Universiti Teknologi Malaysia and Universiti Malaya for the past ten (10) years.

Encik Kamil also sits on the Board of Eastern & Oriental Berhad and E&O Property Development Berhad.

Encik Kamil has no family relationship with any Director or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years. He attended three (3) out of four (4) Board of Directors' Meetings held during the financial year ended 31 December 2009.

**MR. LOO SOO LOONG, EVAN**
Chief Executive Officer
*Malaysian, 46 years of age*

Mr. Loo Soo Loong was first appointed as Executive Director of Fututech Berhad on 1 November 2002 and was re-designated as Acting Chief Executive Officer on 9 November 2006. He was subsequently appointed as Chief Executive Officer on 1 March 2010.

Mr. Loo obtained his Bachelor of Science degree in Business Administration from California State University, Chico (USA) in 1986 and his Bachelor of Law degree (LLB) from the University of Buckingham, United Kingdom in 1988. He qualified as an advocate and solicitor in Malaysia in 1990.

Mr. Loo was involved in managing one of Kuala Lumpur's largest bus companies, which was subsequently amalgamated under the DRB Bhd Group in 1995. He remained as a Non-Independent Non-Executive Director in the bus company at present. After practicing as an advocate and solicitor from 1995 to 2000, Mr. Loo departed to Hong Kong to set-up a US based internet company with venture capitalists from Hong Kong until end of 2001.

Mr. Loo has no family relationship with any Director or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years. He attended all four (4) Board of Directors' Meetings held during the financial year ended 31 December 2009.

# Profile of Directors
*cont'd*

### MR. CHAN KOK LEONG, ERIC
Non-Independent Non-Executive Director
*Malaysian, 40 years of age*

Mr. Chan Kok Leong was appointed as a Director of Fututech Berhad on 6 February 2004. Mr. Chan holds a Master degree in Business Administration from Institut Superior de Gestion, Paris and he is also a member of the Malaysian Association of Certified Public Accountants.

Mr. Chan has more than 20 years experience in the realm of audit, corporate finance and financial investment whereby he was involved in, amongst others, special assignments in accountancy and taxation related services, listing, restructuring, take over and merger as well as privatisation exercises.

Mr. Chan is currently the Executive Director of Eastern & Oriental Berhad and E&O Property Development Berhad.

Mr. Chan is also a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company. He has no family relationship with any Director or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years. He attended all four (4) Board of Directors' Meetings held during the financial year ended 31 December 2009.

### MR. VIJEYARATNAM A/L V. THAMOTHARAM PILLAY
Independent Non-Executive Director
*Malaysian, 59 years of age*

Mr. Vijeyaratnam a/l V. Thamotharam Pillay was appointed as a Director of Fututech Berhad on 6 February 2004. Mr. Vijeyaratnam is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. He has more than 28 years post qualifying experience covering auditing, financial planning, general management and corporate advisory.

Mr. Vijeyaratnam is currently the Managing Director of his own consultancy company. He also sits on the Board of Directors of Multi-Purpose Holdings Berhad, Mieco Chipboard Berhad, Bandar Raya Developments Berhad and Eastern & Oriental Berhad.

Mr. Vijeyaratnam is currently the Chairman of the Audit Committee, Nominating Committee and Remuneration Committee of the Company. He has no family relationship with any Director or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years. He attended all four (4) Board of Directors' Meetings held during the financial year ended 31 December 2009.

## PROFESSOR DATUK DR. NIK MOHD ZAIN BIN NIK YUSOF

Independent Non-Executive Director
*Malaysian, 64 years of age*

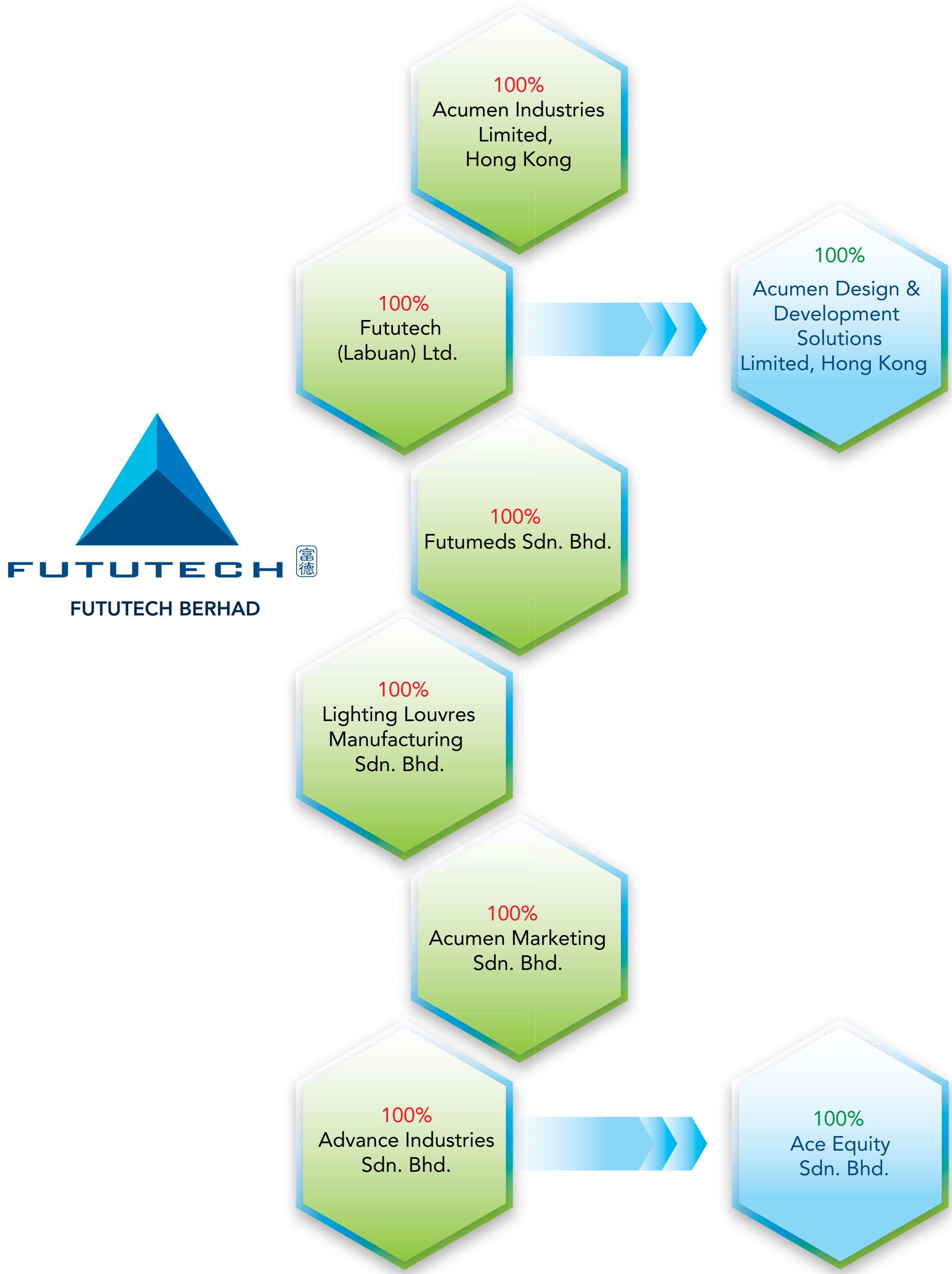
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof was appointed as a Director of Fututech Berhad on 21 April 2008. He obtained a Bachelor of Arts (Honours) from the Universiti Malaya, Malaysia and Master of Arts from the University of Wisconsin, Madison, USA and later gained a PHD in Law from the University of Kent, Canterbury, United Kingdom in 1989. He has vast local and international working experience through his years of involvement in various councils, committees and land settlement schemes. He currently does occasional lectures and provides training at national and international seminars on land and property matters.

Professor Datuk Dr. Nik Mohd Zain was a past-Chairman of the Prime Ministers Quality Award committee for both the public sector and the socio-economy. He has also been the examiner for the Prime Ministers Quality Award and was the alternate chairman to the evaluation committee for public sector from 1996 to 1997. He was the Secretary General, Ministry of Land and Co-operative Development and a Board member of Felda Holdings Sdn. Bhd. from 1995 to 2002. He was a professor of Land Law at Universiti Teknologi Malaysia until January 2005. He is currently the Chairman of Yayasan Peneroka Negara, Malaysia and also an Adjunct Professor for Universiti Putra Malaysia.

Professor Datuk Dr. Nik Mohd Zain also sits on the Board of Directors of Amway (Malaysia) Holdings Berhad.

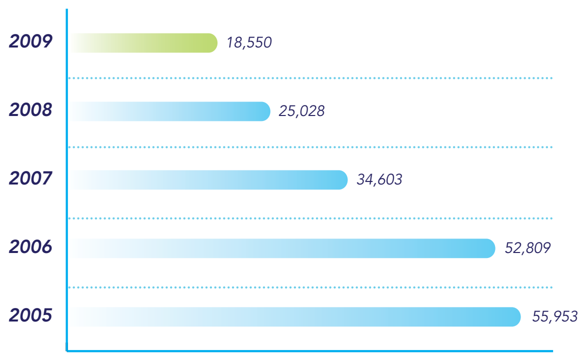
Professor Datuk Dr. Nik Mohd Zain is also a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company. He has no family relationship with any Director or major shareholder of the Company nor any conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years. He attended all four (4) Board of Directors' Meetings held during the financial year ended 31 December 2009.

# Corporate Structure

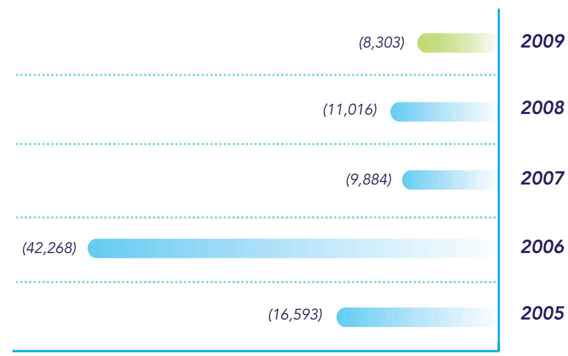


# 5-Year Group Financial Summary

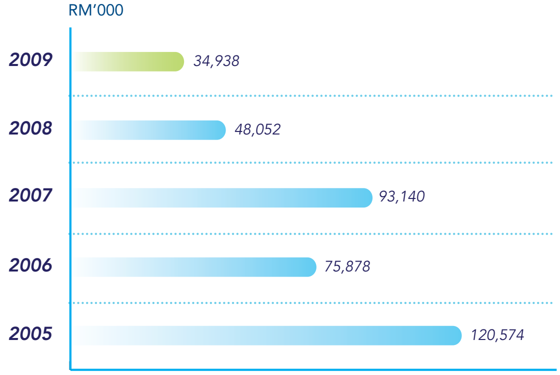
**REVENUE**
RM'000



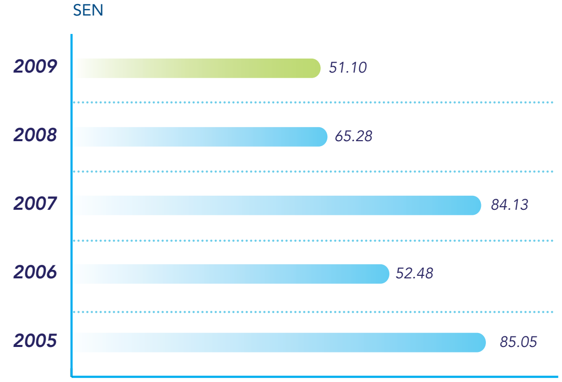

**LOSS BEFORE TAXATION**
RM'000




**TOTAL ASSETS**
RM'000




**NET TANGIBLE ASSETS PER SHARE**
SEN




| | 2009<br>RM'000 | 2008<br>RM'000 | 2007<br>RM'000 | 2006<br>RM'000 | 2005<br>RM'000 |
|---|---|---|---|---|---|
| Revenue | 18,550 | 25,028 | 34,603 | 52,809 | 55,953 |
| Loss before taxation | (8,303) | (11,016) | (9,884) | (42,268) | (16,593) |
| Loss after taxation and minority interest | (8,302) | (10,894) | (9,884) | (40,066) | (16,370) |
| Dividend - (Amount net of tax) | - | - | - | - | - |
| Total Assets | 34,938 | 48,052 | 93,140 | 75,878 | 120,574 |
| Shareholders' Fund | 30,011 | 38,396 | 49,476 | 30,883 | 71,276 |
| Net Tangible Assets | 30,011 | 38,334 | 49,411 | 30,818 | 49,945 |
| | Sen | Sen | Sen | Sen | Sen |
| Net Tangible Assets per share | 51.10 | 65.28 | 84.13 | 52.48 | 85.05 |
| Loss per share | (14.14) | (18.55) | (36.63) | (150.92) | (27.97) |

# Chairman's Statement

## ECONOMIC OVERVIEW

The Malaysian economy experienced a severe contraction in the first quarter of 2009 since the collapse of the world trade which began in the second half of 2008.

However, with the swift implementation of various fiscal stimulus packages and easing of monetary policy by the Government to stabilize the domestic economy, recovery in the second half of the year especially in the fourth quarter helped to mitigate the overall negative impact. With the strengthening of domestic and external demand in the second half of 2009, Malaysia's overall real gross domestic product (GDP) in 2009 contracted by only 1.7%.

The manufacturing sector in Malaysia was a major casualty in 2009 as external demand deteriorated substantially and major global economies fell into recession. As a result, real GDP for the manufacturing sector declined from 1.3% (2008) to -9.3% (2009). In line with such contraction, many manufacturing companies had scaled back their operations which affected the general labour market. Unemployment rate stood at 3.7% for 2009. On a more positive side, the construction sector registered the highest improvement. The sector achieved a positive growth of 5.7% in 2009 buoyed by the implementation of construction-related projects under the Ninth Malaysian Plan (9MP) and the fiscal stimulus measures. [Bank Negara Malaysia: Annual Report 2009]. Whilst the downside risks to growth in many advanced economies remained, many Asian countries have shown resilience and better growth prospects towards the end of 2009. With inflation at a manageable level and a stronger Ringgit against major currencies, Malaysia's fourth quarter growth of 4.5% is setting a more positive path for an economic recovery after a year filled with challenges.

## GROUP REVIEW

Entering into year 2009, the manufacturing sector was severely challenged by the global recession and local uncertainties. Manufacturers like us were faced with over capacity and pricing pressure as demand in the local and export markets shrank significantly under pessimistic outlook. Consequently, the Group's overall revenue declined from RM25.03 million in year 2008 to RM18.55 million in year 2009 attributed mainly to 36% fall in lighting sales compared to its previous year. Although local demand was weak, kitchen cabinetry sales managed to improve about 39% compared to its previous year as higher project roll-out was recorded in 2009. For the year ended December 31, 2009, the Group registered a lower loss before tax of RM8.30 million as compared to RM11.02 million in 2008 after taking into consideration of mainly inventories and obsolete plant and machinery being written-off amounting to about RM6.10 million.

Under the prevailing negative outlook, the Group embarked on a plan to ensure that it will ride out the recession whilst being able to explore new business opportunities to improve the Group's long term earnings. As part of the Group's effort to further reduce operating costs, its operations had been scaled down via a Voluntary Separation Scheme and retrenchment exercise in the second half of 2009. With a smaller size workforce, the Group rationalized its operations and disposed off its Puchong factory. The Group's production activities will be consolidated at its existing Ijok factory and the liquidity of the Group can be further enhanced going forward.

## 2010 PROSPECTS

With signs of economic recovery in sight particularly in Asia, domestic demand in Malaysia is expected to be further strengthened whilst being supported by improving external demand. The Malaysian economy is expected to expand by 4.5% to 5.5% in 2010 [Bank Negara Malaysia: Annual Report 2009] with positive growth seen in the manufacturing sector whilst the construction sector is expected to sustain its growth with the continued implementation of the second stimulus package and the 9MP. With the various initiatives undertaken by the Group in 2009, the Group's position has been further enhanced and improved financially. Going forward, the Group will continue its current lighting and kitchen businesses and will be vigilant in managing its resources whilst exploring viable opportunities that can contribute positively to the Group in the long term.

## APPRECIATION & ACKNOWLEDGMENT

On behalf of the Board of Directors, I would like to take this opportunity to express our sincere gratitude and appreciation to our valued customers, business associates, bankers, suppliers, shareholders and regulatory authorities.

The year 2009 saw the Group adapting to very challenging conditions presented by the global downturn. Together, we managed to persevere and help to rebuild a new foundation for the Group. To our staff and employees, I wish to thank all of you for your dedication, cooperation and determination in carrying out the Group's objectives.

**KAMIL AHMAD MERICAN**
*Chairman*

May 2010

The Board of Directors of Fututech Berhad recognises the importance of establishing and maintaining good corporate governance within the Group. The Board is committed to ensure that good governance is practiced to maximise shareholders value.

Set out below is a statement on how the Group has applied the principles and complied with the best practices and good governance as set out in the Malaysian Code on Corporate Governance:-

## A. BOARD OF DIRECTORS

### Composition of the Board

Currently, the Board consists of five (5) members comprising two (2) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors and one (1) Executive Director. The Company complied with the provision of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") in regards to the composition of the Board of Directors. Profile of each Director is presented on pages 3 to 5 of this Annual Report.

### Board Balance

There is clear division of responsibility between the Chairman and the Chief Executive Officer to ensure that there is a balance of power and authority. The Chief Executive Officer implements the policies and decisions of the Board, overseeing the operations and business development. He also has the responsibility of reporting, clarifying and communicating matters to the Board.

The Directors each bring objective and independent judgment to the Board and there is no domination by a group or an individual in the process of decision making by the Board. In addition thereto, the Independent Directors also provide the Board with independent guidance and unbiased advice based on their experience specific to the industry as well as the general commercial environment. The Board also ensures a high degree of transparency and accountability towards all the shareholders.

### Board Meetings

The Board of Directors meets on a quarterly basis with additional meetings convened when deemed necessary.

Issues in relation to, amongst others, financial performance, strategies, resources and standards of conduct of the Group are deliberated and examined before decisions are made. To assist the Directors in reviewing and considering the issues to be discussed at the meeting, they are provided with reports relevant to the agenda of the meeting prior to each board meeting.

There were four (4) meetings of the Board of Directors held during the year 2009.

## A. BOARD OF DIRECTORS *cont'd*

### Board Meetings *cont'd*

Attendance of each Director at the meetings held during the financial year ended 31 December 2009 is as follows:-

| Name of Directors | Designation | Number of Meetings Attended |
|---|---|---|
| Encik Kamil Ahmad Merican | *Non-Independent Non-Executive Chairman* | 3/4 |
| Mr. Loo Soo Loong | *Chief Executive Officer* | 4/4 |
| Mr. Vijeyaratnam a/l V. Thamotharam Pillay | *Independent Non-Executive Director* | 4/4 |
| Mr. Chan Kok Leong | *Non-Independent Non-Executive Director* | 4/4 |
| Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof | *Independent Non-Executive Director* | 4/4 |

### Supply of Information

The Board has unrestricted and timely access to all information necessary for the discharge of its responsibilities. Notice of Board Meetings and the necessary board papers are supplied to Directors in advance to enable meaningful deliberation and sound decisions to be made during Board Meetings. The Directors are given access to all information of the Group and the advice of the Company Secretary and/or other independent professional advisors, where necessary, to enable them to discharge their duties effectively and diligently.

### Re-election of Directors

The Articles of Association of the Company requires a director appointed during a financial year to retire at the following annual general meeting. One-third (1/3) of the directors for the time being are obliged to retire at every annual general meeting of the Company. In addition, all directors are bound to retire at an annual general meeting of the Company at least once in every three (3) years. Directors over the age of seventy are required to retire annually. All the retiring directors shall be eligible for re-election.

All Directors submit themselves for re-election at regular intervals in accordance with the Company's Articles of Association and regulatory requirements.

### Directors' Training

All the Directors have completed the Mandatory Accreditation Program prescribed by Bursa Securities. During the financial year, the Directors have attended training programmes in compliance with paragraph 15.08 of the Main Market Listing Requirements of Bursa Securities. During the financial year, the Directors have attended individually or collectively the various programmes and briefings on amongst others, the following:-

- Asia's New Competitive Games
- Marketing in Turbulent Times
- From Good Governance to Great Branding
- The Inside Story of the Annual Report : What You Need to Know
- Corporate Governance Guide-Towards Boardroom Excellence

The Company will continuously arrange for further training for the Directors as part of their obligation to update and enhance their skills and knowledge which are important for their carrying out an effective role as Directors. From time to time, the Board also receives updates and briefings, particularly on regulatory and legal developments relevant to the Company's business.

## A. BOARD OF DIRECTORS *cont'd*

### Board Committees

There are three (3) committees of the Board, namely Audit Committee, Nominating Committee and Remuneration Committee, to assist the Board in discharging its duties and responsibilities within clearly defined terms of reference.

The Board delegated to each committee specific authority to consider and approve specific matters in accordance with their respective terms of reference. Each committee will report to the Board with its decisions and/or recommendation. The ultimate responsibility for final decision on all matters however, rests with the Board.

***Nominating Committee***

The Nominating Committee comprises the following Directors during the financial year:-

| Name | Designation | Directorship |
|---|---|---|
| Mr. Vijeyaratnam a/l V. Thamotharam Pillay | *Chairman* | *Independent Non-Executive Director* |
| Mr. Chan Kok Leong | *Member* | *Non-Independent Non-Executive Director* |
| Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof | *Member* | *Independent Non-Executive Director* |

The Nominating Committee consists entirely Non-Executive Directors whilst two (2) of whom are Independent.

The Nominating Committee is responsible for making recommendations to the Board as to the appointment of new Directors. The Nominating Committee also keeps under review the Board structure, size and composition.

***Remuneration Committee***

The Remuneration Committee comprises the following Directors during the financial year:-

| Name | Designation | Directorship |
|---|---|---|
| Mr. Vijeyaratnam a/l V. Thamotharam Pillay | *Chairman* | *Independent Non-Executive Director* |
| Mr. Chan Kok Leong | *Member* | *Non-Independent Non-Executive Director* |
| Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof | *Member* | *Independent Non-Executive Director* |

The responsibilities to assess and to recommend to the Board the remuneration package of the Executive Directors are vested with the Remuneration Committee.

The Board as a whole recommends the remuneration of the Non-Executive Directors in the form of Directors' fees, which is subject to shareholders' approval at the annual general meeting. No Director will participate in the deliberation and decision in respect of his own remuneration.

## B. DIRECTORS' REMUNERATION

The aggregate remuneration of the Directors for the financial year ended 31 December 2009 categorised into the appropriate components and analysed into bands of RM50,000 are as below:-

| | Salary and other emoluments (RM) | Fees (RM) | Total (RM) |
|---|---|---|---|
| Executive Director | 228,530 | - | 228,530 |
| Non-Executive Directors | - | 90,000 | 90,000 |

The number of Directors of the Company whose total remuneration fall within the following bands:-

| Range of Remuneration | Executive Director | Non-Executive Directors |
|---|---|---|
| Below RM50,000 | - | 4 |
| RM100,000 to RM150,000 | - | - |
| RM150,000 to RM200,000 | - | - |
| RM200,000 to RM250,000 | 1 | - |

## C. SHAREHOLDERS AND INVESTORS

### Dialogue between the Company and Investors

The Board values the support of its shareholders and investors. It also recognises the importance of effective communication with shareholders and the investment community of the material corporate and business matters of the Group.

The Annual Report is an important medium of information for the shareholders and investors whereas the Annual General Meeting of the Company provides a vital platform for both private and institutional shareholders to share viewpoints and acquire information on issues relevant to the Group.

Besides the Annual Report, the Board also ensures that timely announcements are made to Bursa Securities and disseminates clear, accurate and sufficient information to enable the shareholders and investors to make informed decisions.

### Annual General Meeting

Annual General Meeting is the principal platform for dialogue with shareholders, wherein, the Board presents the operations and performance of the Group. During the meeting, shareholders are given every opportunity to enquire and comment on matters relating to the Group's business.

The Company has established a website at www.fututech.com.my from which investors and shareholders can access information.

## D. ACCOUNTABILITY AND AUDIT

### Financial Reporting

Financial statements of the Company are drawn up in accordance with the Companies Act, 1965 and the applicable accounting standards in Malaysia, which are consistently applied and supported by reasonable and prudent judgments and estimates.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

### Internal Control

The Board has the overall responsibility for maintaining a sound system of internal control in safeguarding the interest of its shareholders and the Group's assets.

The Statement on Internal Control is set out on pages 21 and 22 of this Annual Report, providing an overview of the Company's state of internal control.

### Relationship with the Auditors

The Company maintains a professional and transparent relationship with the external auditors in seeking their professional advice and towards ensuring compliance with the accounting standards.

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 17 to 20 of this Annual Report.

# Other Compliance Information

## 1. NON-AUDIT FEES

There were no non-audit fees paid to the external auditors by the Group for the financial year ended 31 December 2009.

## 2. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Details of transactions with related parties undertaken by the Group during the financial year are as follows:-

| Transacting Parties | Interested Directors/Major Shareholders/Persons Connected To Them (Interested Parties) | Nature of Transaction | Transacted Value for the Financial Year Ended 31 December 2009 (RM'000) |
|---|---|---|---|
| Eastern & Oriental Berhad ("EOB") Group and Acumen Marketing Sdn. Bhd. ("AMSB") | EOB, E&O Property Development Berhad& ("EOPD"), Kamil Ahmad Merican* ("KAM"), Chan Kok Leong# ("CKL"), Tinggi Murni Sdn. Bhd.+ ("TMSB"), Samudra Pelangi Sdn. Bhd.+ ("SPSB"). | Sale and supply of lightings, light fittings, outdoor fittings, kitchen cabinetry and related products by AMSB to EOB Group | 118 |

*Notes:*

* *KAM is a Non-Independent Non-Executive Chairman of the Company and Non-Independent Non-Executive Director of EOB and he is also a Director of EOPD. He does not hold any equity interest in the Company.*

\# *CKL is a Non-Independent Non-Executive Director of the Company and an Executive Director of EOB, EOPD, TMSB and SPSB. He does not hold any equity interest in the Company.*

\+ *SPSB is a wholly-owned subsidiary of TMSB which in turn is a wholly-owned subsidiary of EOPD.*

& *EOPD is a wholly-owned subsidiary of EOB.*

## 3. MATERIAL CONTRACT

There were no material contracts involving Directors or Major Shareholders' interests that are still subsisting at the end of the financial year or since then.

## 4. REVALUATION POLICY ON LANDED PROPERTIES

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

## 5. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

On 21 December 2007, the Company issued 23,490,542 warrants 2007/2017. There were no warrants exercised during the financial year ended 31 December 2009. The Company has not issue any options or convertible securities during the financial year ended 31 December 2009.

## 6. UTILISATION OF PROCEEDS

The were no proceeds raised from any proposal or any utilisation of such.

7. **CORPORATE SOCIAL RESPONSIBILITY**

As a responsible corporate citizen, the Company is committed to ensuring that its actions not only benefit its shareholders but also its employees, society and the environment.

In this aspect, the Company strived to maintain high standards of recruitment, development and retention of employees initiatives in the workplace aimed at being a sustainable employer of choice. These include the following:-

- Employee volunteerism
- Health, safety and welfare include series of in-house programmes on safety and health and training on handling chemical, flammable materials and machineries in work place
- Employee communication channels
- Employee training

Although the Company's overall environmental impact is indirect, we strived to reduce our consumption of resources and generation of waste and encouraged paper usage reduction and recycling plans.

The Group recognises the importance of meeting the environmental and social needs of the community that the Group operates in and will endeavour to take appropriate and timely action in addressing to corporate social responsibility issues, if any.

# Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 to ensure that financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year is in accordance with the applicable approved accounting standards.

In preparing those financial statements, the Directors of the Company are required to:

- adopt a suitable accounting policies and then applied them consistently;
- make judgments and estimates that are prudent and reasonable;
- ensure applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and that the financial statements comply with the Companies Act, 1965.

# Report of the Audit Committee

The present members of the Audit Committee are as follows:-

| Name | Designation | Directorship |
|---|---|---|
| Mr. Vijeyaratnam a/l V. Thamotharam Pillay | *Chairman* | *Independent Non-Executive Director* |
| Mr. Chan Kok Leong | *Member* | *Non-Independent Non-Executive Director* |
| Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof | *Member* | *Independent Non-Executive Director* |

## TERMS OF REFERENCE

### Composition of the Committee

1. The Committee shall be appointed by the Board from amongst the Directors of the Company which fulfils the following requirements:-

    (a) the Committee shall consist of not less than three (3) members;
    (b) all members of the Committee shall be non-executive directors and financially literate, a majority of the Committee members shall be independent directors; and
    (c) at least one (1) member of the Committee:-

        (i) must be a member of the Malaysian Institute of Accountants; or
        (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and;

            (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967;
            (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
            (cc) fulfills such requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

    (d) no alternate director of the Board shall be appointed as a member of the Committee.

2. The members of the Committee shall elect a Chairman from amongst their number who shall be an independent director. In the absence of the Chairman of the Committee, the other members of the Committee shall elect amongst themselves a Chairman who must be an independent director to chair the meeting.

3. The Company Secretary or any other person appointed by the Committee shall be the Secretary of the Committee.

4. In the event of any vacancy in the Committee resulting in non-compliance to the composition criteria as stated in paragraph 1 above with the Listing Requirements of Bursa Securities, the Board shall within three (3) months from the date of that event fill the vacancy.

5. The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

### Meetings of the Committee

1. The Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

**TERMS OF REFERENCE** *cont'd*

**Meetings of the Committee** *cont'd*

2. Upon the request of the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditors believe should be brought to the attention of the directors or shareholders.

3. Notice of Audit Committee meetings shall be given to all the Audit Committee members unless the Audit Committee waives such requirement.

4. The Chairman of the Audit Committee shall engage on a continuous basis with senior management, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company.

5. Other Board members, senior management and employees may attend meetings upon the invitation of the Audit Committee. The Audit Committee shall be able to convene meetings with the external auditors, the internal auditors or both, without executive Board members or employees present whenever deemed necessary.

6. Minutes of each meeting shall be distributed to each member of the Audit Committee and also to the other members of the Board. The Audit Committee Chairman shall report on each meeting to the Board.

7. The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

8. The quorum for the Audit Committee meeting shall be two (2) both being independent directors and any decision shall be by simple majority. The Chairman of the Committee shall not have a second or casting vote.

9. A resolution in writing signed by all members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee. Any such resolution may consist of several documents in like form, each signed by one or more members.

**OBJECTIVES**

The principal objectives of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:-

(a) evaluate the quality of the audits performed by the internal and external auditors;
(b) provide assurance that the financial information presented by management is relevant, reliable and timely;
(c) oversee compliance with laws and regulations and observance of a proper code of conduct; and
(d) determine the quality, adequacy and effectiveness of the Group's control environment.

**Authority of the Committee**

The Committee shall:-

(a) have explicit authority to investigate any activity within its terms of reference;
(b) have the resources which it needs to perform its duties;
(c) have full and unlimited/unrestricted access to all information pertaining to the Company and Group which it requires in the course of performing its duties;
(d) have unrestricted access to the senior management of the Company and Group;
(e) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any, which can be outsourced);
(f) be able to consult independent professional or other advice in the performance of its duties;
(g) be able to convene meetings with external auditors, internal auditors or both, excluding the attendance of the other directors and employees, whenever deemed necessary, and

## OBJECTIVES *cont'd*

### Authority of the Committee *cont'd*

(h) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

### Functions of the Committee

(a) To consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal;
(b) To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
(c) To review with the external auditors their evaluation of the system of internal controls and his audit report;
(d) To review the quarterly and year-end financial statements of the Company and Group, focusing particularly on:-

- any change in accounting policies and practices;
- significant adjustments arising from the audit;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

(e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary);
(f) To review the external auditors' management letter and management's response;
(g) To do the following, in relation to the internal audit function:-

- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(h) To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
(i) To report its findings on financial and management performance, and other material matters to the Board;
(j) To consider the major findings of internal investigations and management's response;
(k) To determine the remit of the internal audit function;
(l) To consider other topics as defined by the Board; and
(m) To consider and examine such other matters as the Audit Committee considers appropriate.

# Report of the Audit Committee
*cont'd*

## SUMMARY OF ACTIVITIES

The Committee held four (4) meetings during the financial year ended 31 December 2009. Details of the attendance by the Members are as follows:-

| Name of Members | Directorship | Number of Meetings Attended |
|---|---|---|
| Mr. Vijeyaratnam a/l V. Thamotharam Pillay | *Independent Non-Executive Director* | 4/4 |
| Mr. Chan Kok Leong | *Non-Independent Non-Executive Director* | 4/4 |
| Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof | *Independent Non-Executive Director* | 4/4 |

During the year, the Committee carried out its duties as set out in its Terms of Reference, including but not limited to:-

- review of audit plans prepared by external auditors;
- review of unaudited quarterly financial statements during the financial year prior to submission to the Board for consideration and approval;
- review and evaluate the policies for risk management and systems of internal control;
- review of the audited financial statements for the financial year ended 31 December 2009 and to discuss significant audit issues and findings with the external auditors;
- review of the procedures for identification of related party transactions for compliance with the Listing Requirements of Bursa Securities and the appropriateness of such transactions, if any, before recommending to the Board for approval;
- review of the recurrent related party transactions of a revenue or trading nature within the Group for inclusion in the circular to shareholders in relation to the proposed renewal of the shareholders' mandate for recurrent related party transactions pursuant to Bursa Securities' Listing Requirements, before recommending to the Board for approval; and
- met with the external auditors without the presence of the Executive Director and management.

In addition to the above, the Audit Committee members also attended training and were briefed on the latest changes in the approved accounting standards by the external auditors.

## SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to external consultants. The outsourced internal auditors assist the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems. They report directly to the Audit Committee.

During the second half of the financial year under review, internal audit visits by the outsourced internal auditors were dispensed with as the Group was undergoing a restructuring exercise of its operations that involved a voluntarily separation scheme and retrenchment exercise in the Group to improve efficiency and effectiveness of its overall operations. During the said restructuring exercise, Management continued to monitor its internal control practices and recommendations set forth in previous internal audit reports. At the quarterly Audit Committee meetings, Management would brief members on key issues affecting the Group's operations as and when such issues arise.

For the financial year ended 31 December 2009, the amount of fees and related expenses incurred in respect of the internal audit reviews performed by the professional service firm was RM35,399.

# Statement on Internal Control

## INTRODUCTION

Pursuant to 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("the Board") of Fututech Berhad Group is pleased to provide the following Statement on Internal Control of the Group as guided by the Bursa Securities' Statement on Internal Control: Guidance for Directors of Public Listed Companies. This statement outlines the nature and state of the internal controls of the Group during the financial year.

## BOARD RESPONSIBILITY

The Board recognises the importance of maintaining a sound and effective system of internal controls to safeguard shareholders' interests and the Group's assets, and affirms its overall responsibility for reviewing the adequacy and effectiveness of the internal control system. This responsibility has been delegated to the Audit Committee, which is empowered by its terms of reference to obtain the necessary assurance on the adequacy and effectiveness of the Group's internal controls system through independent reviews carried out by the internal audit function and the annual statutory audits carried out by the external auditors. Significant control matters are reported to the Board by the Audit Committee.

However, it should be noted that due to inherent limitations in any system of internal control, such systems put into effect by Management can only manage rather than eliminate all risk of failure to achieve the Group's business objectives. Therefore, the system can only provide reasonable but not absolute assurance against material errors, misstatement, loss, contingencies, fraud or any irregularities.

## RISK MANAGEMENT FRAMEWORK

Risk management is regarded by the Board to be an integral part of the business operation. Key management staff and Heads of Departments are delegated with the responsibility to manage identified risks within defined parameters and standards. The Group will incorporate a process to conduct risk assessment and develop process of identifying, evaluating, minimizing and managing of risk and reinforce the tone of risk awareness and control consciousness.

Management meetings, if required, attended by the Heads of Departments and key management staff are held to discuss any key risks and the appropriate mitigating controls. Significant risks affecting the Group's strategic and business plans are escalated to the Board at their scheduled meetings.

The abovementioned risk management practices of the Company serve as the on-going process used to identify, evaluate and manage significant risks.

## INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to external consultants. The outsourced internal auditors assist the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems. They report directly to the Audit Committee.

During the second half of the financial year under review, internal audit visits by the outsourced internal auditors were dispensed with as the Group was undergoing a restructuring exercise of its operations that involved a voluntarily separation scheme and retrenchment exercise in the Group to improve efficiency and effectiveness of its overall operations. During the said restructuring exercise, Management continued to monitor its internal control practices and recommendations set forth in previous internal audit reports. At the quarterly Audit Committee meetings, Management would brief members on key issues affecting the Group's operations as and when such issues arise.

## OTHER KEY ELEMENTS OF INTERNAL CONTROLS

The other key elements of the Group's internal control systems are described below:

- Standard Operating Procedures, which set out the policies, procedures and practices to be complied in accordance to the ISO Standards, are in place for key operating units;
- regular internal quality inspection to monitor compliance of the ISO requirements by the operating units;
- clearly defined and structured lines of reporting and responsibilities within the Group including segregation of duties, appropriate authority limits, review and approval procedures in order to enhance the internal control system of the Group's various operations;
- budgeting process where operating companies in the Group prepare budgets for the coming year, which are considered and reviewed by the Board;
- weekly management meetings to discuss the Group's operations and performance, including the regular monitoring of results against budget, with significant variances explained and management action taken, where necessary; and
- regular factory visits by members of the senior management team and executive directors.

Where necessary, the Board will put in place appropriate action plans to further enhance the system of internal controls to meet with the Group's strategic, financial, business and operational requirements.

# FINANCIAL STATEMENTS

# Directors' Report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are described in Note 11 to the financial statements.

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

## RESULTS

| | Group RM | Company RM |
|---|---|---|
| Loss for the year | (8,302,188) | (17,962,574) |

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the following:

(i) Property, plant and equipment of the Group with a net carrying amount of RM2,543,377 written off;

(ii) Inventories of the Group with a carrying amount of RM3,561,055 written off; and

(iii) Provision for amount owing from subsidiaries amounting of RM15,924,359 in the Company's separate financial statements.

## DIVIDENDS

No dividend was proposed or paid since the end of the previous financial year. The directors do not recommend any dividend for the financial year ended 31 December 2009.

## DIRECTORS

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

Kamil Ahmad Merican
Vijeyaratnam a/l V. Thamotharam Pillay
Chan Kok Leong
Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof
Loo Soo Loong

## DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 25 to the financial statements.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and warrants of the Company during the financial year were as follows:

| | Number of ordinary shares of RM1.00 each | | | |
|---|---|---|---|---|
| | At 1.1.2009 | Acquired | Disposed | At 31.12.2009 |
| **The Company** | | | | |
| **Direct interest:** | | | | |
| Loo Soo Loong | 5,560,000 | - | - | 5,560,000 |

| | Number of warrants 2007/2017 | | | |
|---|---|---|---|---|
| | At 1.1.2009 | Acquired | Disposed | At 31.12.2009 |
| **The Company** | | | | |
| **Direct interest:** | | | | |
| Loo Soo Loong | 24,000 | - | - | 24,000 |

None of the other directors in office at the end of the financial year had any interest in shares and warrants in the Company or its related corporations during the financial year.

## WARRANTS 2007/2017

The salient terms of Warrants 2007/2017 are disclosed in Note 18 to the financial statements.

## OTHER STATUTORY INFORMATION

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

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

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

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

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

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## SIGNIFICANT EVENT

Details of the significant event are disclosed in Note 29 to the financial statements.

## AUDITORS

Our auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 April 2010.

**Kamil Ahmad Merican** **Loo Soo Loong**

# Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Kamil Ahmad Merican and Loo Soo Loong, being two of the directors of Fututech Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 31 to 71 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 April 2010.

**Kamil Ahmad Merican**

**Loo Soo Loong**

# Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Kon Pik Sia, being the officer primarily responsible for the financial management of Fututech Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 31 to 71 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Kon Pik Sia
Kuala Lumpur in Federal Territory
on 26 April 2010.

**Kon Pik Sia**

Before me,

**R. Vasugi Ammal, PJK**
Commissioner for oaths
No. W480

# Independent Auditors' Report

to the Members of Fututech Berhad (Incorporated in Malaysia)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Fututech Berhad , which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 71.

### 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 judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the 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 at 31 December 2009 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries 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 subsidiaries of which we have not acted as auditors, which are indicated in Note 11 to the financial statements.

# Independent Auditors' Report

to the Members of Fututech Berhad (Incorporated in Malaysia)
*cont'd*

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS *cont'd*

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

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be 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.

**Ernst & Young**
AF: 0039
Chartered Accountants

**Choong Mei Ling**
No. 1918/09/10(J)
Chartered Accountant

Kuala Lumpur, Malaysia
26 April 2010

# Income Statements
for the year ended 31 December 2009

| | Note | Group 2009 RM | Group 2008 RM | Company 2009 RM | Company 2008 RM |
|---|---|---|---|---|---|
| Revenue | 3 | 18,549,571 | 25,027,548 | - | - |
| Cost of sales | | (15,878,298) | (23,272,689) | - | - |
| Gross profit | | 2,671,273 | 1,754,859 | - | - |
| Other income | | 1,441,250 | 2,213,377 | 29,835 | 27,067 |
| Administration expenses | | (3,938,255) | (5,691,837) | (338,223) | (384,637) |
| Selling and distribution expenses | | (2,012,872) | (2,041,005) | - | - |
| Other expenses | | (6,249,357) | (6,856,311) | (17,654,186) | (9,665,573) |
| Loss from operations | | (8,087,961) | (10,620,917) | (17,962,574) | (10,023,143) |
| Finance costs | | (214,987) | (395,250) | - | 38,833 |
| Loss before taxation | 4 | (8,302,948) | (11,016,167) | (17,962,574) | (9,984,310) |
| Taxation | 7 | 760 | 122,046 | - | - |
| Loss for the year | | (8,302,188) | (10,894,121) | (17,962,574) | (9,984,310) |
| Loss per share (sen) | | | | | |
| Basic | 8 | (14.14) | (18.55) | | |

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

# Balance Sheets
as at 31 December 2009

| | Note | Group 2009 RM | Group 2008 RM | Company 2009 RM | Company 2008 RM |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 9 | 10,185,159 | 22,791,310 | 943 | 1,299 |
| Prepaid land lease payments | 10 | 916,988 | 931,183 | - | - |
| Subsidiaries | 11 | - | - | 12,870,172 | 14,599,999 |
| Other investments | 12 | 70,810 | 73,000 | - | - |
| Other intangible assets | 13 | - | 61,251 | - | - |
| | | 11,172,957 | 23,856,744 | 12,871,115 | 14,601,298 |
| **Current assets** | | | | | |
| Inventories | 14 | 2,917,421 | 7,999,900 | - | - |
| Trade receivables | 15 | 5,731,010 | 6,250,541 | - | - |
| Other receivables | 16 | 1,472,521 | 1,812,995 | 13,265,885 | 31,680,924 |
| Cash and bank balances | | 6,529,181 | 1,751,642 | 2,171,526 | 14,370 |
| | | 16,650,133 | 17,815,078 | 15,437,411 | 31,695,294 |
| Non-current asset classified as held for disposal | 17 | 7,115,038 | 6,380,000 | - | - |
| | | 23,765,171 | 24,195,078 | 15,437,411 | 31,695,294 |
| **Total assets** | | 34,938,128 | 48,051,822 | 28,308,526 | 46,296,592 |
| **Equity and liabilities** | | | | | |
| **Equity attributable to equity holders of the Company** | | | | | |
| Share capital | 18 | 58,726,356 | 58,726,356 | 58,726,356 | 58,726,356 |
| Other reserves | 19 | 232,234 | 314,942 | - | - |
| Accumulated losses | | (28,947,869) | (20,645,681) | (30,588,520) | (12,625,946) |
| **Total equity** | | 30,010,721 | 38,395,617 | 28,137,836 | 46,100,410 |
| **Non-current liability** | | | | | |
| Long term borrowings | 20 | 958,330 | 1,842,264 | - | - |
| **Current liabilities** | | | | | |
| Short term borrowings | 20 | 885,592 | 839,402 | - | - |
| Trade payables | 23 | 910,360 | 3,780,697 | - | - |
| Other payables | 24 | 2,093,833 | 2,809,909 | 170,690 | 196,182 |
| Provision for taxation | | 79,292 | 383,933 | - | - |
| | | 3,969,077 | 7,813,941 | 170,690 | 196,182 |
| **Total liabilities** | | 4,927,407 | 9,656,205 | 170,690 | 196,182 |
| **Total equity and liabilities** | | 34,938,128 | 48,051,822 | 28,308,526 | 46,296,592 |

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

# Statements of Changes in Equity
for the year ended 31 December 2009

| | Share capital RM | Non-distributable Other reserves RM | Accumulated losses RM | Total equity RM |
|---|---|---|---|---|
| | ← Attributable to equity holders of the Company → | | | |
| **Group** | | | | |
| **At 1 January 2009** | 58,726,356 | 314,942 | (20,645,681) | 38,395,617 |
| Foreign exchange translation, representing net expense recognised directly in equity | - | (82,708) | - | (82,708) |
| Loss for the year | - | - | (8,302,188) | (8,302,188) |
| Total recognised income and expense for the year | - | (82,708) | (8,302,188) | (8,384,896) |
| **At 31 December 2009** | 58,726,356 | 232,234 | (28,947,869) | 30,010,721 |
| **At 1 January 2008** | 58,726,356 | 500,916 | (9,751,560) | 49,475,712 |
| Foreign exchange translation, representing net expense recognised directly in equity | - | (185,974) | - | (185,974) |
| Loss for the year | - | - | (10,894,121) | (10,894,121) |
| Total recognised income and expense for the year | - | (185,974) | (10,894,121) | (11,080,095) |
| **At 31 December 2008** | 58,726,356 | 314,942 | (20,645,681) | 38,395,617 |

| | Share capital RM | Accumulated losses RM | Total equity RM |
|---|---|---|---|
| **Company** | | | |
| **1 January 2009** | 58,726,356 | (12,625,946) | 46,100,410 |
| Loss for the year, representing total recognised income and expense for the year | - | (17,962,574) | (17,962,574) |
| **At 31 December 2009** | 58,726,356 | (30,588,520) | 28,137,836 |
| **1 January 2008** | 58,726,356 | (2,641,636) | 56,084,720 |
| Loss for the year, representing total recognised income and expense for the year | - | (9,984,310) | (9,984,310) |
| **At 31 December 2008** | 58,726,356 | (12,625,946) | 46,100,410 |

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

# Cash Flow Statements
for the year ended 31 December 2009

| | Group | | Company | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | RM | RM | RM | RM |
| **Cash flows from operating activities** | | | | |
| Loss before taxation | (8,302,948) | (11,016,167) | (17,962,574) | (9,984,310) |
| Adjustments for: | | | | |
| Amortisation of prepaid land lease payments | 14,195 | 14,195 | - | - |
| Bad debts written off | 3,582 | 638,597 | - | - |
| Bad debts recovered | (8,703) | - | - | - |
| Depreciation of property, plant and equipment | 2,716,964 | 3,651,268 | 356 | 359 |
| Impairment loss recognised on | | | | |
| - property, plant and equipment | - | 5,044,221 | - | - |
| - subsidiary | - | - | 1,729,827 | 2,675,858 |
| Intangible assets written off | 61,251 | 3,813 | - | - |
| Inventories written off | 3,561,055 | - | - | - |
| Interest expense | 214,987 | 451,120 | - | (38,833) |
| Interest income | (19,166) | (55,870) | (1,665) | (55,200) |
| (Gain)/loss on disposal of property, plant and equipment | (823,990) | 240,621 | - | - |
| Gain on deconsolidation of subsidiary | - | (9,059) | - | - |
| Other investment written off | - | 43,000 | - | - |
| Property, plant and equipment written off | 2,543,377 | - | - | - |
| Provision for diminution in value of other investments | 2,190 | - | - | - |
| Provision for doubtful debts | 274,580 | 302,650 | 15,924,359 | 6,989,715 |
| Provision for slow moving inventories | - | 1,390,264 | - | - |
| Reversal of provision for doubtful debts | (434) | (649,251) | - | - |
| Short term accumulating compensated absences | - | 27,650 | - | - |
| Unrealised (gain)/loss on foreign exchange | (469,190) | 218,368 | (28,170) | 80,463 |
| Operating (loss)/profit before working capital changes | (232,250) | 295,420 | (337,867) | (331,948) |
| Net changes in: | | | | |
| Inventories | 1,521,424 | (196,163) | - | - |
| Receivables | 937,515 | 1,882,239 | 2,518,850 | (10,584,967) |
| Payables | (3,586,413) | (5,265,284) | (25,492) | (1,640,182) |
| Cash (used in)/generated from operations | (1,359,724) | (3,283,788) | 2,155,491 | (12,557,097) |
| Net taxes paid | (181,226) | (224,228) | - | - |
| Interest paid | (214,987) | (451,120) | - | 38,833 |
| Net cash (used in)/generated from operating activities | (1,755,937) | (3,959,136) | 2,155,491 | (12,518,264) |

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

# Cash Flow Statements
for the year ended 31 December 2009
*cont'd*

| | Group | | Company | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | RM | RM | RM | RM |
| **Cash flows from investing activities** | | | | |
| Interest received | 19,166 | 55,870 | 1,665 | 55,200 |
| Purchase of property, plant and equipment | - | (30,000) | - | - |
| Proceeds from disposal of property, plant and equipment | 7,435,600 | 692,111 | - | - |
| Net cash generated from investing activities | 7,454,766 | 717,981 | 1,665 | 55,200 |
| **Cash flows from financing activities** | | | | |
| Repayment of term loans | (340,841) | (16,810,779) | - | (16,500,000) |
| Repayment of hire purchase liabilities | (496,903) | (2,090,895) | - | - |
| Short term borrowings | - | (1,753,488) | - | - |
| Net cash used in financing activities | (837,744) | (20,655,162) | - | (16,500,000) |
| **Increase/(decrease) in cash and cash equivalents** | 4,861,085 | (23,896,317) | 2,157,156 | (28,963,064) |
| **Effects of exchange rate changes** | (83,546) | (42,396) | - | - |
| **Cash and bank balances at beginning of year** | 1,751,642 | 25,690,355 | 14,370 | 28,977,434 |
| **Cash and bank balances at end of year** | 6,529,181 | 1,751,642 | 2,171,526 | 14,370 |

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

## 1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are described in Note 11. There have been no significant changes in the nature of these activities during the year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at No. 3, First Floor, Jalan Puchong, Batu 12 1/2, 47100 Puchong, Selangor Darul Ehsan. The registered office of the Company is located at Level 3A (Annexe), Menara Milenium, 8 Jalan Damanlela, Damansara Heights, 50490 Kuala Lumpur.

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 April 2010.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Accounting

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

The financial statements of the Group and the Company have been prepared under the historical cost basis and are presented in Ringgit Malaysia (RM).

### 2.2 Summary of Significant Accounting Policies

#### *(a) Subsidiaries and Basis of Consolidation*

*(i) Subsidiaries*

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

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

*(ii) Basis of Consolidation*

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.2 Summary of Significant Accounting Policies *cont'd*

#### *(a) Subsidiaries and Basis of Consolidation* *cont'd*

*(ii) Basis of Consolidation cont'd*

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

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

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

#### *(b) Intangible Assets*

*(i) Goodwill*

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. 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. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

*(ii) Other Intangible Assets*

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.2 Summary of Significant Accounting Policies *cont'd*

#### *(b) Intangible Assets cont'd*

*(ii) Other Intangible Assets cont'd*

Other intangible assets represent licence fees and development expenditure which are stated at cost less accumulated amortisation and impairment.

(i) Licence fees incurred for rights to manufacture, assemble, market or distribute certain licensed products will be amortised upon the subsidiaries commencing the manufacture of the said licensed products over the licence period on a straight line basis.

(ii) Development expenditure represents expenses incurred in the development of new products prior to the commencement of commercial production. The said expenditure will be amortised over a period in which benefits are expected to be derived, commencing in the year in which the related revenue is first recognised on a straight-line basis.

#### *(c) Property, Plant and Equipment and Depreciation*

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

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

Freehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Freehold land of the Group has not been revalued since they were first revalued in 1993. The directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1993 valuation less accumulated depreciation.

Freehold land has an unlimited useful life and is therefore not depreciated. Depreciation of other property, plant and equipment is provided on a straight-line basis to write off the cost of each asset to their residual value over the estimated useful life at the following annual rates:

| | |
|---|---|
| Building | 2% - 3% |
| Building structure | 10% |
| Plant and machinery | 7.5% - 10% |
| Office equipment, furniture, fittings, motor vehicles, and renovations | 10% - 20% |

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.2 Summary of Significant Accounting Policies *cont'd*

#### *(c) Property, Plant and Equipment and Depreciation* cont'd

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

#### *(d) Inventories*

Inventories are stated at the lower of cost and net realisable value (determined on the weighted average basis). Cost of raw materials consists of the original purchase price plus incidental cost incurred in bringing the inventories to their present location. For cost of finished goods and work-in-progress, cost comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

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

#### *(e) Leases and Hire Purchase*

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. 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 building elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

*(i) Finance Lease*

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2 (c).

*(ii) Operating Lease*

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.2 Summary of Significant Accounting Policies *cont'd*

#### (e) *Leases and Hire Purchase* *cont'd*

(ii) *Operating Lease* *cont'd*

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 represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

#### (f) *Provision*

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. 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 costs.

#### (g) *Income Tax*

Income tax on the profit or loss for the year comprises 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 difference 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 income statement 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 acquirer's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

#### (h) *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 absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.2 Summary of Significant Accounting Policies *cont'd*

#### *(h) Employee Benefits* *cont'd*

*(ii) Defined Contribution Plans*

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

*(iii) Termination Benefits*

The Group pays termination benefits in cases of termination of employment. Termination benefits are recognised as a liability and expense when it is without realistic possibility of withdrawal.

#### *(i) Revenue Recognition*

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

*(i) Sale of Goods*

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

*(ii) Interest Income*

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

*(iii) Dividend Income*

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

#### *(j) Foreign Currencies*

*(i) Functional and Presentation Currency*

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

*(ii) Foreign Currency Transaction*

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.2 Summary of Significant Accounting Policies *cont'd*

#### *(j) Foreign Currencies cont'd*

*(ii) Foreign Currency Transaction cont'd*

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. These 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 Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in income statement for the 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.

*(iii) Foreign Operations*

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

#### *(k) Non-current Assets Classified as Held for Sale*

Non-current assets are classified as held for sale if its 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 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 is brought up-to-date in accordance with applicable FRS 5. Then, on initial classification as held for sale, non-current assets are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in income statement.

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.2 Summary of Significant Accounting Policies *cont'd*

#### *(l) Impairment of Assets*

The carrying amounts of assets 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, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, 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 group 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 other assets in the unit or group of units on a pro-rata basis.

An impairment loss is recognised in income statement 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 the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

#### *(m) Financial Instruments*

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly to 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.2 Summary of Significant Accounting Policies *cont'd*

#### *(m) Financial Instruments* *cont'd*

*(i) Cash and Cash Equivalents*

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

*(ii) Other Non-current Investments*

Non-current investments other than investments in subsidiaries are stated at cost less provision for any diminution in value other than temporary. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred.

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

*(iii) 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 income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in income statement.

(iv) Receivables

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

*(v) Payables*

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

*(vi) Interest-bearing Borrowings*

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.2 Summary of Significant Accounting Policies *cont'd*

#### *(m) Financial Instruments* *cont'd*

*(vii) Equity*

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

### 2.3 Standards and Interpretations Issued but not yet Effective

The Group has not early adopted the following FRSs, Amendments to FRSs and Interpretations which have effective dates as follows:

| FRSs, Amendment to FRSs and Interpretations | Effective for financial year 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 101: Presentation of Financial Statements (Revised 2009) | 1 January 2010 |
| FRS 123 : Borrowing Costs (Revised 2009) | 1 January 2010 |
| FRS 139: Financial Instruments: Recognition and Measurement | 1 January 2010 |
| Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Costs of an Investment in a Subsidiary, Jointly Controlled Entity or Associate | 1 January 2010 |
| Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations | 1 January 2010 |
| Amendments to FRS 132: Financial Instruments: Presentation | 1 January 2010 |
| Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures, and IC Interpretation 9: Reassessment of Embedded Derivatives | 1 January 2010 |
| IC Interpretation 9: Reassessment of Embedded Derivatives | 1 January 2010 |
| IC Interpretation 10: Interim Financial Reporting and Impairment | 1 January 2010 |
| IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions | 1 January 2010 |
| IC Interpretation 13: Customer Loyalty Programmes | 1 January 2010 |
| IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interpretation | 1 January 2010 |
| TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions | 1 January 2010 |
| Improvements to FRSs (2009) | 1 January 2010 |

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.3 Standards and Interpretations Issued but not yet Effective *cont'd*

The Group has not early adopted the following FRSs, Amendments to FRSs and Interpretations which have effective dates as follows: *cont'd*

| FRSs, Amendment to FRSs and Interpretations | Effective for financial year beginning on or after |
|---|---|
| FRS 1: First-time Adoption of Financial Reporting Standards (Revised 2010) | 1 July 2010 |
| FRS 3: Business Combinations (Revised 2010) | 1 July 2010 |
| FRS 127: Consolidated and Separate Financial Statements (Revised 2010) | 1 July 2010 |
| Amendments to FRS 2: Share-based payment | 1 July 2010 |
| Amendments to FRS 5: Non-current Assets Held for Sale and Discountinued Operations | 1 July 2010 |
| Amendments to FRS 138: Intangible Assets | 1 July 2010 |
| Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives | 1 July 2010 |
| IC Interpretation 12: Service Concession Arrangement | 1 July 2010 |
| IC Interpretation 15: Agreements for the Construciton of Real Estate | 1 July 2010 |
| IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation | 1 July 2010 |
| IC Interpretation 17: Distributions of Non-cash Assets to Owners | 1 July 2010 |

The new FRSs, Amendments to FRSs and IC Interpretations above are expected to have no significant impact on the financial statements of the Group and Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

The Group and Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

### 2.4 Significant Accounting Estimates and Judgements

#### *(a) Critical Judgements Made in Applying Policies*

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

*(i) Provision for Doubtful Debts*

The policy for provision for doubtful debts of the Group is based on the evaluation of collectibility and ageing analysis of the receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current credit-worthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, additional provisions may be required. Further details are disclosed in Notes 15 and 16.

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.4 Significant Accounting Estimates and Judgements *cont'd*

#### *(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) Income Taxes*

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

*(ii) Depreciation of Property, Plant and Machinery*

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 13 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

*(iii) Impairment of Investment in Subsidiaries*

Impairment review has been carried out on investment in subsidiaries by the Group during the year. Cost of investment in subsidiary which has ceased operations was written down as at 31 December 2009. Certain other subsidiaries were impaired up to the net asset value of the respective subsidiaries.

## 3. REVENUE

Revenue of the Group and the Company represents the invoiced value of sales less returns and discounts.

## 4. LOSS BEFORE TAXATION

Loss before taxation is stated after charging/(crediting):

| | Group | | Company | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | RM | RM | RM | RM |
| Amortisation of prepaid land lease payments | 14,195 | 14,195 | - | - |
| Auditors' remuneration | | | | |
| - current year | 84,138 | 66,335 | 27,000 | 30,000 |
| - Under/(over) provision in prior years | 400 | 3,350 | (3,000) | 5,020 |
| Bad debts written off | 3,582 | 638,597 | - | - |
| Bad debts recovered | (8,703) | - | - | - |
| Depreciation of property, plant and equipment | 2,716,964 | 3,651,268 | 356 | 359 |
| (Gain)/loss on foreign exchange | | | | |
| - realised | (59,591) | (132,068) | - | - |
| - unrealised | (469,190) | 218,368 | (28,170) | 80,463 |
| Gain on deconsolidation of subsidiary | - | (9,059) | - | - |
| Impairment loss recognised on | | | | |
| - property, plant and equipment | - | 5,044,221 | - | - |
| - subsidiary | - | - | 1,729,827 | 2,675,858 |
| Intangible assets written off | 61,251 | 3,813 | - | - |
| Inventories written off | 3,561,055 | - | - | - |
| Interest income | (19,166) | (55,870) | (1,665) | (55,200) |
| Interest expense | 214,987 | 451,120 | - | (38,833) |
| (Gain)/loss on disposal of property, plant and equipment | (823,990) | 240,621 | - | - |
| Other investment written off | - | 43,000 | - | - |
| Property, plant and equipment written off | 2,543,377 | - | - | - |
| Provision for doubtful debts | | | | |
| - subsidiaries | - | - | 15,924,359 | 6,989,715 |
| - others | 274,580 | 302,650 | - | - |
| Provision for slow moving inventories | - | 1,390,264 | - | - |
| Provision for diminution in value of other investments | 2,190 | - | - | - |
| Reversal of provision for doubtful debts | (434) | (649,251) | - | - |
| Rental expenses | 163,734 | 325,378 | - | - |
| Rental income | - | (198,000) | - | - |
| Short-term accumulating compensated absences | - | 27,650 | - | - |
| Staff costs (Note 5) | 6,983,499 | 7,128,034 | - | - |

## 5. STAFF COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | RM | RM | RM | RM |
| Wages and salaries | 5,019,128 | 6,363,830 | - | - |
| Social security costs | 39,087 | 538,216 | - | - |
| Pension costs | 428,532 | 56,928 | - | - |
| Voluntary separation scheme | 1,383,862 | - | - | - |
| Other staff related expenses | 112,890 | 169,060 | - | - |
| | 6,983,499 | 7,128,034 | - | - |

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM228,530 (2008: RM240,480) and RMNil (2008: RM12,000) respectively as further disclosed in Note 6.

## 6. DIRECTORS REMUNERATION

| | Group | | Company | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | RM | RM | RM | RM |
| Directors of the Company | | | | |
| Executive: | | | | |
| Salaries and other emoluments | 204,050 | 204,000 | - | - |
| Pension costs - defined contribution plans | 24,480 | 24,480 | - | - |
| Fees | - | 12,000 | - | 12,000 |
| | 228,530 | 240,480 | - | 12,000 |
| Non-executive: | | | | |
| Fees | 90,000 | 68,666 | 90,000 | 68,666 |
| Directors of the subsidiaries | | | | |
| Salaries and other emoluments | 180,050 | 189,274 | - | - |
| Pension costs - defined contribution plans | 21,600 | 21,600 | - | - |
| | 201,650 | 210,874 | - | - |
| Total | 520,180 | 520,020 | 90,000 | 80,666 |

## 6. DIRECTORS REMUNERATION *cont'd*

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

| | Number of directors | |
|---|---|---|
| | 2009 | 2008 |
| Executive director: | | |
| RM200,000 - RM250,000 | 1 | 1 |
| Non-executive directors: | | |
| Below RM50,000 | 4 | 4 |

## 7. TAXATION

| | Group | | Company | |
|---|---|---|---|---|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Current income tax: | | | | |
| Malaysian income tax | 237,000 | 78,000 | - | - |
| Overprovision in prior years | (237,760) | (200,046) | - | - |
| | (760) | (122,046) | - | - |
| Deferred tax (Note 22): | | | | |
| Relating to origination and reversal of temporary differences | - | (3,035) | - | - |
| Relating to changes in tax rates | - | (121) | - | - |
| Underprovision in prior years | - | 3,156 | - | - |
| | - | - | - | - |
| Total income tax expense | (760) | (122,046) | - | - |

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. In the prior year, certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualify for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income : 20%
In excess of RM500,000 of chargeable income : 26%

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, all subsidiaries no longer qualify for the above preferential tax rates.

## 7. TAXATION *cont'd*

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

| | 2009 RM | 2008 RM |
|---|---|---|
| **Group** | | |
| Loss before taxation | (8,302,948) | (11,016,167) |
| Taxation at Malaysian statutory tax rate of 25% (2008: 26%) | (2,075,737) | (2,864,203) |
| Effect of different tax rates in foreign countries | - | 104,227 |
| Effect of income subject to tax rate of 20% | - | (23,279) |
| Effect of income not subject to tax | (295,188) | - |
| Effect of changes in tax rates on opening balance of deferred tax | - | (121) |
| Expenses not deductible for tax purposes | 639,286 | 447,481 |
| Utilisation of previously unrecognised tax losses | - | (65,079) |
| Deferred tax assets not recognised during the year | 1,968,639 | 2,475,818 |
| Underprovision of deferred tax in prior years | - | 3,156 |
| Overprovision of income tax expense in prior years | (237,760) | (200,046) |
| Income tax expense for the year | (760) | (122,046) |
| **Company** | | |
| Loss before taxation | (17,962,574) | (9,984,310) |
| Taxation at Malaysian statutory tax rate of 25% (2008: 26%) | (4,490,644) | (2,595,921) |
| Expenses not deductible for tax purposes | 4,490,399 | 2,558,689 |
| Deferred tax assets not recognised during the year | 245 | 37,232 |
| Income tax expense for the year | - | - |

## 8. LOSS PER SHARE

### (a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

| | Group | |
|---|---|---|
| | **2009** | **2008** |
| Loss attributable to shareholders (RM) | (8,302,188) | (10,894,121) |
| Weighted average number of ordinary shares in issue | 58,726,356 | 58,726,356 |
| Basic loss per share (sen) | (14.14) | (18.55) |

### (b) Diluted

Fully diluted earnings per share on the basis of the assumed conversion of warrants are not disclosed as the effect is anti-dilutive.

## 9. PROPERTY, PLANT AND EQUIPMENT

| | ** Land and buildings RM | Plant and machinery RM | *Other assets RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **At 31 December 2009** | | | | |
| **Cost** | | | | |
| At 1 January 2009 | 11,011,729 | 35,493,015 | 5,092,240 | 51,596,984 |
| Disposals/write-off | - | (12,645,660) | (218,112) | (12,863,772) |
| Reclassified as held for sale | (7,719,000) | - | (496,696) | (8,215,696) |
| Exchange differences | - | - | 17,387 | 17,387 |
| At 31 December 2009 | 3,292,729 | 22,847,355 | 4,394,819 | 30,534,903 |
| **Accumulated depreciation and impairment** | | | | |
| At 1 January 2009 | 834,262 | 23,584,131 | 4,387,281 | 28,805,674 |
| Charge for the year | 151,473 | 2,291,850 | 273,641 | 2,716,964 |
| Disposals/write-off | - | (9,873,992) | (214,793) | (10,088,785) |
| Reclassified as held for sale | (692,082) | - | (408,576) | (1,100,658) |
| Exchange differences | - | - | 16,549 | 16,549 |
| At 31 December 2009 | 293,653 | 16,001,989 | 4,054,102 | 20,349,744 |
| **Net carrying amount** | | | | |
| At 31 December 2009 | 2,999,076 | 6,845,366 | 340,717 | 10,185,159 |

## 9. PROPERTY, PLANT AND EQUIPMENT *cont'd*

| | ** Land and buildings RM | Plant and machinery RM | *Other assets RM | Total RM |
|---|---|---|---|---|
| **At 31 December 2008** | | | | |
| **Cost** | | | | |
| At 1 January 2008 | 23,872,629 | 38,867,157 | 5,840,534 | 68,580,320 |
| Additions | - | - | 30,000 | 30,000 |
| Disposals/write-off | - | (3,376,478) | (607,784) | (3,984,262) |
| Reclassified as held for sale | (12,860,900) | - | (172,051) | (13,032,951) |
| Exchange differences | - | 2,336 | 1,541 | 3,877 |
| At 31 December 2008 | 11,011,729 | 35,493,015 | 5,092,240 | 51,596,984 |
| **Accumulated depreciation and impairment** | | | | |
| At 1 January 2008 | 1,834,937 | 23,369,478 | 4,605,329 | 29,809,744 |
| Charge for the year | 473,416 | 2,656,303 | 521,549 | 3,651,268 |
| Disposals/write-off | - | (2,442,143) | (609,387) | (3,051,530) |
| Impairment loss recognised | 5,027,702 | - | 16,519 | 5,044,221 |
| Reclassified as held for sale | (6,501,793) | - | (151,158) | (6,652,951) |
| Exchange differences | - | 493 | 4,429 | 4,922 |
| At 31 December 2008 | 834,262 | 23,584,131 | 4,387,281 | 28,805,674 |
| **Net carrying amount** | | | | |
| At 31 December 2008 | 10,177,467 | 11,908,884 | 704,959 | 22,791,310 |

## 9. PROPERTY, PLANT AND EQUIPMENT *cont'd*

** Land and Buildings

| | Freehold land RM | Buildings RM | Total RM |
|---|---|---|---|
| **Group** | | | |
| **At 31 December 2009** | | | |
| **Cost** | | | |
| At 1 January 2009 | 3,438,080 | 7,573,649 | 11,011,729 |
| Reclassified as held for sale | (3,438,080) | (4,280,920) | (7,719,000) |
| At 31 December 2009 | - | 3,292,729 | 3,292,729 |
| **Accumulated depreciation and impairment** | | | |
| At 1 January 2009 | - | 834,262 | 834,262 |
| Charge for the year | - | 151,473 | 151,473 |
| Reclassified as held for sale | - | (692,082) | (692,082) |
| At 31 December 2009 | - | 293,653 | 293,653 |
| **Net carrying amount** | | | |
| At 31 December 2009 | - | 2,999,076 | 2,999,076 |
| **At 31 December 2008** | | | |
| **Cost** | | | |
| At 1 January 2008 | 5,567,553 | 18,305,076 | 23,872,629 |
| Reclassified as held for sale | (2,129,473) | (10,731,427) | (12,860,900) |
| At 31 December 2008 | 3,438,080 | 7,573,649 | 11,011,729 |
| **Accumulated depreciation and impairment** | | | |
| At 1 January 2008 | - | 1,834,937 | 1,834,937 |
| Charge for the year | - | 473,416 | 473,416 |
| Impairment loss recognised | 940,242 | 4,087,460 | 5,027,702 |
| Reclassified as held for sale | (940,242) | (5,561,551) | (6,501,793) |
| At 31 December 2008 | - | 834,262 | 834,262 |
| **Net carrying amount** | | | |
| At 31 December 2008 | 3,438,080 | 6,739,387 | 10,177,467 |

## 9. PROPERTY, PLANT AND EQUIPMENT *cont'd*

| | Office equipment RM | Furniture and fittings RM | Total RM |
|---|---|---|---|
| **Company** | | | |
| **At 31 December 2009** | | | |
| **Cost** | | | |
| At 1 January 2009/31 December 2009 | 57,022 | 2,376 | 59,398 |
| **Accumulated depreciation** | | | |
| At 1 January 2009 | 56,652 | 1,447 | 58,099 |
| Charge for the year | 119 | 237 | 356 |
| At 31 December 2009 | 56,771 | 1,684 | 58,455 |
| **Net carrying amount** | | | |
| At 31 December 2009 | 251 | 692 | 943 |
| **At 31 December 2008** | | | |
| **Cost** | | | |
| At 1 January 2008 | 57,022 | 2,376 | 59,398 |
| 31 December 2008 | 57,022 | 2,376 | 59,398 |
| **Accumulated depreciation** | | | |
| At 1 January 2008 | 56,532 | 1,208 | 57,740 |
| Charge for the year | 120 | 239 | 359 |
| At 31 December 2008 | 56,652 | 1,447 | 58,099 |
| **Net carrying amount** | | | |
| At 31 December 2008 | 370 | 929 | 1,299 |

## 9. PROPERTY, PLANT AND EQUIPMENT *cont'd*

(a) The net carrying amount of property, plant and equipment held under hire purchase liabilities is as follows:

| | Group | |
|---|---|---|
| | **2009** | **2008** |
| | **RM** | **RM** |
| Plant and machinery | 1,785,856 | 2,119,468 |
| Motor vehicle | 64,620 | 88,852 |
| | 1,850,476 | 2,208,320 |

(b) In the previous financial year, the net carrying amount of freehold land and building of the Group amounting to RM7,112,536 is pledged to financial institutions for bank borrowings as disclosed in Note 20.

(c) Other assets comprise office equipment, furniture, fittings, motor vehicles and renovation.

## 10. PREPAID LAND LEASE PAYMENTS

| | Group | |
|---|---|---|
| | **2009** | **2008** |
| | **RM** | **RM** |
| **Long term leasehold land** | | |
| At 1 January | 931,183 | 945,378 |
| Amortisation for the year | (14,195) | (14,195) |
| At 31 December | 916,988 | 931,183 |

## 11. SUBSIDIARIES

| | Company | |
|---|---|---|
| | **2009** | **2008** |
| | **RM** | **RM** |
| Unquoted shares, at cost: | | |
| At 1 January/31 December | 28,952,003 | 28,952,003 |
| Less: Accumulated impairment losses | | |
| At 1 January | (14,352,004) | (11,676,146) |
| Impairment loss recognised in income statement | (1,729,827) | (2,675,858) |
| At 31 December | (16,081,831) | (14,352,004) |
| Net carrying amount | 12,870,172 | 14,599,999 |

## 11. SUBSIDIARIES *cont'd*

Details of the subsidiaries are as follows:

| Name of company | Country of incorporation | Effective interests (%) 2009 | Effective interests (%) 2008 | Principal activities |
|---|---|---|---|---|
| Advance Industries Sdn. Bhd. | Malaysia | 100 | 100 | Manufacturing, assembly, installation and sales of light fittings, advertising point-of-sale, furniture and related products |
| Acumen Marketing Sdn. Bhd. | Malaysia | 100 | 100 | Supply of lightings, light fittings, outdoor fittings, advertising point-of-sale, furniture and related products |
| Lighting Louvres Manufacturing Sdn. Bhd. | Malaysia | 100 | 100 | Manufacturing and sale of aluminium lighting louvres |
| Ace Equity Sdn. Bhd. | Malaysia | 100 | 100 | Manufacturing and sale of high pressure die cast alloy products. Temporarily ceased operations. |
| Futumeds Sdn. Bhd. | Malaysia | 100 | 100 | Production and sale of disposable safety medical devices. Temporarily ceased operations. |
| Fututech (Labuan) Limited | Federal Territory of Labuan | 100 | 100 | Investment holding |
| Acumen Design & Development Solutions Limited * | Hong Kong | 100 | 100 | Provision of consultancy services |
| Acumen Industries Limited * | Hong Kong | 100 | 100 | Investment holding |
| Acumen Industries (Foshan) Co. Ltd. * | People's Republic of China | - | 100 | Deregistered |

* *Audited by firms of auditors other than Ernst & Young*

**Deconsolidation of a Subsidiary**

On 11 November 2009, Acumen Industries (Foshan) Co. Ltd., a wholly owned subsidiary of Acumen Industries Limited which in turn is a wholly owned subsidiary of the Company was dissolved by way of deregistration.

## 12. OTHER INVESTMENTS

| | Group 2009 RM | Group 2008 RM |
|---|---|---|
| Club memberships | 93,500 | 93,500 |
| Less : Provision for diminution in value | (25,000) | (25,000) |
| | 68,500 | 68,500 |
| Quoted shares in Malaysia, at cost | 19,800 | 19,800 |
| Less : Provision for diminution in value | (17,490) | (15,300) |
| | 2,310 | 4,500 |
| Total other investments | 70,810 | 73,000 |
| Market value of quoted shares | 2,310 | 5,100 |

## 13. OTHER INTANGIBLE ASSETS

| | Group 2009 RM | Group 2008 RM |
|---|---|---|
| At cost: | | |
| Software | | |
| At 1 January | 61,251 | 65,064 |
| Written off | (61,251) | (3,813) |
| At 31 December | - | 61,251 |

## 14. INVENTORIES

| | Group | |
|---|---|---|
| | 2009 | 2008 |
| | RM | RM |
| At cost : | | |
| Raw materials | 1,541,982 | 5,255,688 |
| Work in progress | 423,883 | 1,029,497 |
| Finished goods | 951,556 | 1,714,715 |
| | 2,917,421 | 7,999,900 |

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM14,611,207 (2008: RM14,260,997).

## 15. TRADE RECEIVABLES

| | Group | |
|---|---|---|
| | 2009 | 2008 |
| | RM | RM |
| Trade receivables | 11,255,848 | 11,501,233 |
| Less: Provision for doubtful debts | (5,524,838) | (5,250,692) |
| | 5,731,010 | 6,250,541 |

In the previous financial year, debts amounting to RM410,047 which were previously provided as doubtful debts were written off.

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

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

## 16. OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | RM | RM | RM | RM |
| Due from subsidiaries | - | - | 36,050,452 | 38,541,132 |
| Deposits | 199,658 | 136,116 | - | - |
| Prepayments | 53,083 | 170,031 | - | - |
| Tax recoverable | 894,812 | 1,017,467 | 129,507 | 129,507 |
| Sundry receivables | 324,968 | 489,381 | - | - |
| | 1,472,521 | 1,812,995 | 36,179,959 | 38,670,639 |
| Less: Provision for doubtful debts | - | - | (22,914,074) | (6,989,715) |
| | 1,472,521 | 1,812,995 | 13,265,885 | 31,680,924 |

The amount due from subsidiaries is unsecured, interest free and has no fixed terms of repayment.

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

## 17. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

As disclosed in Note 29, Advance Industries Sdn. Bhd., a wholly owned subsidiary of the Company entered into a conditional sale and purchase agreement on 21 October 2009 to dispose of its land and building. The carrying amount of the land and building was reclassified to assets held for sale as at the balance sheet date.

The freehold land and building are pledged to financial institutions for bank borrowings as disclosed in Note 20.

## 18. SHARE CAPITAL

| | Number of ordinary shares of RM1 each | | Amount | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | | | RM | RM |
| **Authorised share capital:** | | | | |
| At 1 January/31 December | 300,000,000 | 300,000,000 | 300,000,000 | 300,000,000 |
| **Issued and fully paid:** | | | | |
| At 1 January/31 December | 58,726,356 | 58,726,356 | 58,726,356 | 58,726,356 |

## 18. SHARE CAPITAL *cont'd*

**Warrants 2007/2017**

The Warrants 2007/2017 were constituted under a Deed Poll dated 22 November 2007 ("Warrants 2007/2017 Deed Poll") and issued on 21 December 2007 in conjunction with the issuance of the Company's Rights Issue in 2007. The salient features of the warrants are as follows:

(a) each warrant entitles its registered holder to subscribe for one (1) new ordinary share of RM1 each at the exercise price during the exercise period; subject to adjustments in accordance with the provisions of the Warrants 2007/2017 Deed Poll;

(b) the exercise price is fixed at RM1 per share and the exercise period is ten years commencing on and including the date of issuance which expires on 20 December 2017;

(c) the new ordinary shares of RM1 each to be issued pursuant to the exercise of the warrants will rank pari passu in all respects with the existing issued ordinary shares of the Company; and

(d) the Warrants 2007/2017 holders are not entitled to participate in any distribution and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new ordinary shares.

The number of unexercised Warrants as at balance sheet date was 23,490,542.

## 19. OTHER RESERVES

| | Group | |
|---|---|---|
| | 2009 | 2008 |
| | RM | RM |
| Other reserve | 475,000 | 475,000 |
| Translation reserve | (242,766) | (160,058) |
| | 232,234 | 314,942 |
| The movements in each category of reserves were as follows: | | |
| **Other reserve** | | |
| At 1 January/31 December | 475,000 | 475,000 |
| **Translation reserve** | | |
| Balance at 1 January | (160,058) | 25,916 |
| Arising during the year | (82,708) | (185,974) |
| Balance at 31 December | (242,766) | (160,058) |

## 19. OTHER RESERVES *cont'd*

The nature and purpose of each category of reserves are as follows:

**(a) Other Reserve**

The other reserve is in respect of capitalisation of retained profits by a subsidiary for a bonus issue.

**(b) Translation Reserve**

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

## 20. BORROWINGS

| | Group | |
|---|---|---|
| | **2009** | **2008** |
| | **RM** | **RM** |
| **Short term borrowings** | | |
| Secured: | | |
| Term loans | 365,963 | 342,499 |
| Hire purchase payables (Note 21) | 519,629 | 496,903 |
| Total short term borrowings | 885,592 | 839,402 |
| **Long term borrowings** | | |
| Term loans, secured | 746,016 | 1,110,321 |
| Hire purchase payables (Note 21) | 212,314 | 731,943 |
| Total long term borrowings | 958,330 | 1,842,264 |
| **Total borrowings** | | |
| Term loans | 1,111,979 | 1,452,820 |
| Hire purchase payables | 731,943 | 1,228,846 |
| | 1,843,922 | 2,681,666 |
| **Maturity of borrowings (excluding hire purchase payables):** | | |
| Within one year | 365,963 | 342,499 |
| More than 1 year and less than 2 years | 744,358 | 365,963 |
| More than 2 years and less than 5 years | 1,658 | 744,358 |
| | 1,111,979 | 1,452,820 |

## 20. BORROWINGS *cont'd*

The average effective interest rates at the balance sheet date for the term loans were as follows:

| | Group 2009 % | Group 2008 % |
|---|---|---|
| Term loans | 6.55 - 7.20 | 6.55 - 6.80 |

The term loans of the Group are secured by the following:

(a) Legal charges over the freehold land and building of Group as disclosed in Notes 9 and 17;

(b) Corporate guarantee by the Company.

## 21. HIRE PURCHASE PAYABLES

| | Group 2009 RM | Group 2008 RM |
|---|---|---|
| **Minimum lease payments:** | | |
| Not later than 1 year | 553,092 | 562,418 |
| Later than 1 year and not later than 2 years | 215,662 | 553,092 |
| Later than 2 years and not later than 5 years | - | 215,662 |
| | 768,754 | 1,331,172 |
| Less: Future finance charges | (36,811) | (102,326) |
| Present value of hire purchase payables | 731,943 | 1,228,846 |
| **Present value of hire purchase payables** | | |
| Not later than 1 year | 519,629 | 496,903 |
| Later than 1 year and not later than 2 years | 212,314 | 519,629 |
| Later than 2 years and not later than 5 years | - | 212,314 |
| | 731,943 | 1,228,846 |
| **Analysed as:** | | |
| Due within 12 months (Note 20) | 519,629 | 496,903 |
| Due after 12 months (Note 20) | 212,314 | 731,943 |
| | 731,943 | 1,228,846 |

The hire purchase and lease bore effective interest rates of between 3.75% to 6.3% (2008: 3.75% to 6.3%) per annum.

## 22. DEFERRED TAXATION

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

| | Property, plant and equipment RM | Unabsorbed capital allowances and unused tax losses RM | Provision for liabilities and others RM | Net RM |
|---|---|---|---|---|
| 1 January 2008 | 2,494,462 | (1,646,197) | (848,265) | - |
| Recognised in the income statement | (148,829) | 266,578 | (117,749) | - |
| At 31 December 2008 | 2,345,633 | (1,379,619) | (966,014) | - |
| 1 January 2009 | 2,345,633 | (1,379,619) | (966,014) | - |
| Recognised in the income statement | (2,204,265) | 1,159,656 | 1,044,609 | - |
| At 31 December 2009 | 141,368 | (219,963) | 78,595 | - |

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2009 RM | 2008 RM | 2009 RM | 2008 RM |
| Unused tax losses | 30,833,418 | 25,100,161 | 703,188 | 702,565 |
| Unabsorbed capital allowances | 18,811,535 | 18,120,409 | 1,234 | 877 |
| Others | 9,620,262 | 8,170,088 | - | - |
| | 59,265,215 | 51,390,658 | 704,422 | 703,442 |

The unused tax losses and unabsorbed capital allowances are available for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Group and Company are subject to no substantial changes in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

## 23. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 30 to 90 days.

## 24. OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | RM | RM | RM | RM |
| Sundry payables | 1,342,247 | 529,833 | 44,309 | 189,682 |
| Accruals | 751,586 | 2,280,076 | 126,381 | 6,500 |
| | 2,093,833 | 2,809,909 | 170,690 | 196,182 |

## 25. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

| | Group | |
|---|---|---|
| | 2009 | 2008 |
| | RM | RM |
| Sales to E&O Property Development Berhad* group of companies ("EOPD") | 117,535 | 162,753 |

* *A corporate shareholder in which Kamil Ahmad Merican and Chan Kok Leong are directors.*

The sale of products to EOPD were made according to terms and conditions offered to the major customers of the Group.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | RM | RM | RM | RM |
| Salaries and allowances | 384,100 | 1,625,583 | - | - |
| Defined contribution plan | 46,080 | 170,304 | - | - |
| Directors' fees | 90,000 | 80,666 | 90,000 | 80,666 |
| | 520,180 | 1,876,553 | 90,000 | 80,666 |

## 25. SIGNIFICANT RELATED PARTY TRANSACTIONS *cont'd*

(b) Compensation of key management personnel *cont'd*

Included in total key management personnel are:

| | Group | | Company | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | RM | RM | RM | RM |
| Directors' remuneration (Note 6) | 520,180 | 520,020 | 90,000 | 80,666 |

## 26. CONTINGENT LIABILITY

| | 2009 | 2008 |
|---|---|---|
| | RM | RM |
| **Company** | | |
| Unsecured: | | |
| Corporate guarantee given to banks for credit facilities granted to subsidiaries | 1,843,922 | 2,681,666 |

## 27. SEGMENTAL INFORMATION

**Geographical Segments**

| | Malaysia | Outside Malaysia | Eliminations | Consolidated |
|---|---|---|---|---|
| | RM | RM | RM | RM |
| **31 December 2009** | | | | |
| **Revenue** | | | | |
| External sales | 17,688,301 | 861,270 | - | 18,549,571 |
| Inter-segment sales | 5,427,072 | - | (5,427,072) | - |
| Total revenue | 23,115,373 | 861,270 | (5,427,072) | 18,549,571 |
| **Results** | | | | |
| Segment results | (24,291,603) | (578,043) | 16,781,685 | (8,087,961) |
| Loss from operations | | | | (8,087,961) |
| Finance costs, net | (214,987) | - | - | (214,987) |
| Loss before taxation | | | | (8,302,948) |
| Taxation | 760 | - | - | 760 |
| Loss for the year | | | | (8,302,188) |

## 27. SEGMENTAL INFORMATION *cont'd*

### Geographical Segments *cont'd*

| | Malaysia RM | Outside Malaysia RM | Eliminations RM | Consolidated RM |
|---|---|---|---|---|
| **31 December 2009** *cont'd* | | | | |
| **Assets** | | | | |
| Segment assets | 61,013,623 | 496,165 | (27,466,472) | 34,043,316 |
| Unallocated assets | - | - | - | 894,812 |
| | | | | 34,938,128 |
| **Liabilities** | | | | |
| Segment liabilities | 81,600,700 | 4,512,696 | (81,265,281) | 4,848,115 |
| Unallocated liabilities | - | - | - | 79,292 |
| | | | | 4,927,407 |
| **Other information** | | | | |
| Depreciation | 2,696,191 | 20,773 | - | 2,716,964 |
| **31 December 2008** | | | | |
| **Revenue** | | | | |
| External sales | 24,189,666 | 837,882 | - | 25,027,548 |
| Inter-segment sales | 5,826,074 | - | (5,826,074) | - |
| Total revenue | 30,015,740 | 837,882 | (5,826,074) | 25,027,548 |
| **Results** | | | | |
| Segment results | (17,531,370) | (1,226,195) | 8,136,648 | (10,620,917) |
| Loss from operations | | | | (10,620,917) |
| Finance costs, net | (395,250) | - | - | (395,250) |
| Loss before taxation | | | | (11,016,167) |
| Taxation | 122,046 | - | - | 122,046 |
| Loss for the year | | | | (10,894,121) |

## 27. SEGMENTAL INFORMATION *cont'd*

### Geographical Segments *cont'd*

| | Malaysia RM | Outside Malaysia RM | Eliminations RM | Consolidated RM |
|---|---|---|---|---|
| **31 December 2008** *cont'd* | | | | |
| **Assets** | | | | |
| Segment assets | 108,302,513 | 845,109 | (62,113,267) | 47,034,355 |
| Unallocated assets | - | - | - | 1,017,467 |
| | | | | 48,051,822 |
| **Liabilities** | | | | |
| Segment liabilities | 89,348,839 | 4,196,870 | (84,273,437) | 9,272,272 |
| Unallocated liabilities | - | - | - | 383,933 |
| | | | | 9,656,205 |
| **Other information** | | | | |
| Depreciation | 3,620,043 | 31,225 | - | 3,651,268 |

No business segment is prepared as the Group's operations are substantially in the manufacturing sector only.

## 28. FINANCIAL INSTRUMENTS

### (a) Financial Risk Management Objectives and Policies

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

### (b) Foreign Currency Risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar, Japanese Yen, Singapore Dollar, Australian Dollar, Euro, Sterling Pound, Taiwan Dollar and New Zealand Dollar. Foreign exchange exposures in these transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

## 28. FINANCIAL INSTRUMENTS *cont'd*

### (b) Foreign Currency Risk *cont'd*

The net unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

| | Group | |
|---|---|---|
| | **2009** | **2008** |
| | **RM** | **RM** |
| United States Dollar | 2,511,348 | 1,839,357 |
| Singapore Dollar | 86,434 | 194,558 |
| Australian Dollar | 1,419,348 | 1,576,267 |
| Sterling Pound | 13,929 | 18,108 |
| Hong Kong Dollar | 119,971 | - |
| | 4,151,030 | 3,628,290 |

### (c) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fix and floating rate of borrowings.

Information on the carrying amounts, average interest rates as at balance sheet date and the remaining maturities of the Group's and Company's instruments that are exposed to interest rate risk are disclosed in Notes 20 and 21.

### (d) Credit Risk

The Group's credit risk is primarily attributable to trade receivables. Credit risks are minimised, controlled and monitored through the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's association to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents marketable securities and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

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

**28. FINANCIAL INSTRUMENTS** *cont'd*

**(e) Liquidity Risk**

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

**(f) Fair Values**

The carrying amounts of financial assets and financial liabilities approximate their fair values except for the following:

| | | Group | |
|---|---|---|---|
| | Note | Carrying amount | Fair value |
| | | RM | RM |
| **At 31 December 2009** | | | |
| **Borrowings** | | | |
| Term loan | 20 | 1,111,979 | 1,097,741 |
| Hire purchase payables | 21 | 731,943 | 728,015 |
| | | 1,843,922 | 1,825,756 |
| **At 31 December 2008** | | | |
| **Borrowings** | | | |
| Term loan | 20 | 1,452,820 | 1,424,709 |
| Hire purchase payables | 21 | 1,228,846 | 1,216,888 |
| | | 2,681,666 | 2,641,597 |

***(i) Borrowings***

The fair value of borrowings is estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending and borrowing arrangements.

***(ii) Quoted Shares***

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of business at the balance sheet date. The fair values of the quoted shares are as disclosed in Note 12.

***(iii) Amount Due from Subsidiaries***

It is not practical to estimate the fair values of amount due from subsidiaries due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs. The directors are of the opinion that the carrying amounts recorded at the balance sheet date do not differ significantly from the values that would eventually be received or settled.

## 29. SIGNIFICANT EVENT

On 21 October 2009, Advance Industries Sdn. Bhd., a wholly owned subsidiary of the Company entered into a conditional sale and purchase agreement ("SPA") for the disposal of its land and building for a total cash consideration of RM10,000,000. As at the end of the financial year, the SPA was pending completion.

# List of Properties Owned by the Group

as at 31 December 2009

| Address/Location | Tenure | Area (square metre) | Description/ Existing Use | Approximate Age of Building | Net Carrying Amount (RM'000) | Date of Last Revaluation (R)/ Acquisition (A) |
|---|---|---|---|---|---|---|
| HSD 97288<br>Lot P.T. 32331<br>Mukim Petaling<br>Daerah Petaling<br>Selangor | Freehold | 7,985 | 2-storey office cum factory | 13 years | 7,027 | A: 20.11.2001 |
| Pajakan Mukim PM640<br>Lot No. 10492<br>Tempat Batu 28 Ijok<br>Mukim Ijuk<br>District Kuala Selangor<br>Negeri Selangor | Leasehold Expiring in 2077 | 13,961 | factory | 7 years | 3,916 | A: 28.10.2002 |

# Analysis of Shareholdings
as at 30 April 2010

Authorised Share Capital : RM300,000,000
Paid-up Share Capital : RM58,726,356
Class of Shares : Ordinary shares of RM1.00 each
Voting Rights : One (1) vote per ordinary share

## DISTRIBUTION OF SHAREHOLDINGS as at 30 April 2010

| Size of Shareholdings | No. of Shareholders | No. of Shares | % |
|---|---|---|---|
| 1 to 99 | 269 | 6,440 | 0.01 |
| 100 to 1,000 | 728 | 467,534 | 0.80 |
| 1,001 to 10,000 | 747 | 2,539,768 | 4.32 |
| 10,001 to 100,000 | 198 | 6,828,333 | 11.63 |
| 100,001 to 2,936,316* | 54 | 24,121,498 | 41.07 |
| 2,936,317 and above** | 4 | 24,762,783 | 42.17 |
| **TOTAL** | **2,000** | **58,726,356** | **100.00** |

*Remarks :*
* *Less than 5% of issued shares*
** *5% and above of issued shares*

## SUBSTANTIAL SHAREHOLDERS as per Register of Substantial Shareholders as at 30 April 2010

| | No. of Shares | | | |
|---|---|---|---|---|
| Name of Substantial Shareholders | Direct | % | Indirect | % |
| E&O Property Development Berhad | 10,375,783 | 17.67 | 5,894,000 (1) | 10.04 |
| Samudra Pelangi Sdn. Bhd. | 5,894,000 | 10.04 | - | - |
| Chia Kwoon Meng | 5,798,700 | 9.87 | - | - |
| Loo Soo Loong | 5,560,000 | 9.47 | - | - |
| Tinggi Murni Sdn. Bhd. | - | - | 5,894,000 (1) | 10.04 |
| Dynamic Degree Sdn. Bhd. | - | - | 16,269,783 (2) | 27.70 |
| Eastern & Oriental Berhad | - | - | 16,269,783 (2) | 27.70 |
| Dato' Tham Ka Hon | - | - | 16,269,783 (2) | 27.70 |
| G. K. Goh Holdings Limited | - | - | 16,269,783 (2) | 27.70 |
| GKG Investment Holdings Pte. Ltd. | - | - | 16,269,783 (2) | 27.70 |
| Goh Geok Khim | - | - | 16,269,783 (2) | 27.70 |
| Goh Yew Lin | - | - | 16,269,783 (2) | 27.70 |

*Notes :*
(1) *Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Samudra Pelangi Sdn. Bhd.*
(2) *Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through E&O Property Development Berhad.*

# Analysis of Shareholdings

as at 30 April 2010

*cont'd*

**THIRTY LARGEST SHAREHOLDERS as per the Record of Depositors as at 30 April 2010**

| No. | Name of Registered Holders | No. of Shares | % |
|---|---|---|---|
| 1. | Amsec Nominees (Tempatan) Sdn. Bhd.<br>*AmBank (M) Berhad for E&O Property Development Berhad* | 10,375,783 | 17.67 |
| 2. | Amsec Nominees (Tempatan) Sdn. Bhd.<br>*AmBank (M) Berhad for Samudra Pelangi Sdn. Bhd.* | 5,894,000 | 10.04 |
| 3. | Amsec Nominees (Tempatan) Sdn. Bhd.<br>*Pledged Securities Account for Loo Soo Loong* | 5,500,000 | 9.37 |
| 4. | Cimsec Nominees (Tempatan) Sdn. Bhd.<br>*CIMB Bank for Chia Kwoon Meng (MM0678)* | 2,993,000 | 5.10 |
| 5. | Goh Hui Tiang | 1,768,700 | 3.01 |
| 6. | RHB Capital Nominees (Tempatan) Sdn. Bhd.<br>*Pledged Securities Account for Chia Kwoon Meng (CEB)* | 1,601,900 | 2.73 |
| 7. | Chu Yoke Len | 1,500,000 | 2.55 |
| 8. | Soong Chee Keong | 1,092,200 | 1.86 |
| 9. | Amsec Nominees (Tempatan) Sdn. Bhd.<br>*AmBank (M) Berhad for Yap Ching Loon (TERM)* | 1,027,000 | 1.75 |
| 10. | Polofield Sdn. Bhd. | 1,000,000 | 1.70 |
| 11. | Salter's Assets Limited | 1,000,000 | 1.70 |
| 12. | Fong Moh Cheek @ Fong Mow Kit | 883,000 | 1.50 |
| 13. | Catherine Gripe | 832,000 | 1.42 |
| 14. | Derrick Kong Ying Kit | 814,300 | 1.39 |
| 15. | Wong Loke Foo @ Wong Loke Fall | 780,000 | 1.33 |
| 16. | Chia Kwoon Meng | 773,800 | 1.32 |
| 17. | Tay Chai Ong | 622,000 | 1.06 |
| 18. | Ham Ah Lui @ Ham Wee Boon | 553,731 | 0.94 |
| 19. | Kong Kui Ling | 543,100 | 0.92 |
| 20. | Huang Phang Lye | 540,000 | 0.92 |
| 21. | Yap Nyuk Foong | 500,000 | 0.85 |
| 22. | Chia Kwoon Meng | 430,000 | 0.73 |
| 23. | AllianceGroup Nominees (Tempatan) Sdn. Bhd.<br>*Pledged Securities Account for Wong Ching Ping @ Wong Chin Ping (8061588)* | 425,000 | 0.72 |
| 24. | Amsec Nominees (Tempatan) Sdn. Bhd.<br>*Pledged Securities Account for Chin Siew Ling* | 400,000 | 0.68 |
| 25. | Chan Sau Chee | 400,000 | 0.68 |
| 26. | Lim Kok Wei | 400,000 | 0.68 |

**THIRTY LARGEST SHAREHOLDERS as per the Record of Depositors as at 30 April 2010** *cont'd*

| No. | Name of Registered Holders | No. of Shares | % |
|---|---|---|---|
| 27. | HDM Nominees (Tempatan) Sdn. Bhd.<br>*DBS Vickers Secs (S) Pte. Ltd. for Yeap Poh Chim* | 365,000 | 0.62 |
| 28. | Affin Nominees (Asing) Sdn. Bhd.<br>*UOB Kay Hian Pte. Ltd. for Chan Tze Leung Robert* | 358,600 | 0.61 |
| 29. | Tan Joo Tian | 329,500 | 0.56 |
| 30. | Neturen Co. Ltd. | 326,667 | 0.56 |
| | **TOTAL** | **44,029,281** | **74.97** |

**DIRECTORS' SHAREHOLDINGS as per Register of Directors' Shareholdings as at 30 April 2010**

| | No. of Shares | | | |
|---|---|---|---|---|
| Name of Directors | Direct | % | Indirect | % |
| Kamil Ahmad Merican | - | - | - | - |
| Loo Soo Loong | 5,560,000 | 9.47 | - | - |
| Chan Kok Leong | - | - | - | - |
| Vijeyaratnam a/l V. Thamotharam Pillay | - | - | - | - |
| Professor Datuk Dr. Nik Mohd Zain bin Nik Yusof | - | - | - | - |

# Analysis of Warrantholdings
as at 30 April 2010

No. of 2007/2017 Warrants issued : 23,490,542
No. of 2007/2017 Warrants outstanding : 23,490,542

### DISTRIBUTION OF 2007/2017 WARRANTHOLDINGS as at 30 April 2010

| Size of Warrantholdings | No. of Warrantholders | No. of Warrants | % |
|---|---|---|---|
| 1 to 99 | 41 | 2,307 | 0.01 |
| 100 to 1,000 | 111 | 65,183 | 0.28 |
| 1,001 to 10,000 | 246 | 931,180 | 3.96 |
| 10,001 to 100,000 | 110 | 3,771,641 | 16.06 |
| 100,001 to 1,174,526* | 36 | 9,915,124 | 42.21 |
| 1,174,527 and above** | 3 | 8,805,107 | 37.48 |
| **TOTAL** | **547** | **23,490,542** | **100.00** |

*Remarks :*
* *Less than 5% of issued warrants*
** *5% and above of issued warrants*

### THIRTY LARGEST WARRANT HOLDERS as per the Record of Depositors as at 30 April 2010

| No. | Name of Registered Holders | No. of Warrants | % |
|---|---|---|---|
| 1. | Amsec Nominees (Tempatan) Sdn. Bhd.<br>*AmBank (M) Berhad for E&O Property Development Berhad* | 4,811,427 | 20.48 |
| 2. | Amsec Nominees (Tempatan) Sdn. Bhd.<br>*AmBank (M) Berhad for Samudra Pelangi Sdn. Bhd.* | 2,357,600 | 10.04 |
| 3. | Cimsec Nominees (Tempatan) Sdn. Bhd.<br>*CIMB Bank for Chia Kwoon Meng (MM0678)* | 1,636,080 | 6.96 |
| 4. | Amsec Nominees (Tempatan) Sdn. Bhd.<br>*AmBank (M) Berhad for Yap Ching Loon (TERM)* | 725,600 | 3.09 |
| 5. | RHB Capital Nominees (Tempatan) Sdn. Bhd.<br>*Pledged Securities Account for Chia Kwoon Meng (CEB)* | 640,760 | 2.73 |
| 6. | Goh Hui Tiang | 627,480 | 2.67 |
| 7. | Chia Kwoon Meng | 577,100 | 2.46 |
| 8. | Chew Choong Siam | 575,900 | 2.45 |
| 9. | Fong Moh Cheek @ Fong Mow Kit | 504,000 | 2.14 |
| 10. | Lim Kok Wei | 460,000 | 1.96 |
| 11. | Derrick Kong Ying Kit | 400,880 | 1.71 |
| 12. | Polofield Sdn. Bhd. | 400,000 | 1.70 |

# Analysis of Warrantholdings
as at 30 April 2010
*cont'd*

**THIRTY LARGEST WARRANT HOLDERS as per the Record of Depositors as at 30 April 2010** *cont'd*

| No. | Name of Registered Holders | No. of Warrants | % |
|---|---|---|---|
| 13. | Kong Kui Ling | 377,000 | 1.60 |
| 14. | Soong Chee Keong | 349,404 | 1.49 |
| 15. | Catherine Gripe | 332,800 | 1.42 |
| 16. | Wong Loke Foo @ Wong Loke Fall | 312,000 | 1.33 |
| 17. | HLG Nominee (Tempatan) Sdn. Bhd.<br>*Pledged Securities Account for Pang Yang Chung* | 265,000 | 1.13 |
| 18. | Tan Liam Kwee | 242,000 | 1.03 |
| 19. | Andy Tan Cho Yeow | 238,800 | 1.02 |
| 20. | Chan Sau Chee | 200,000 | 0.85 |
| 21. | Yap Nyuk Foong | 200,000 | 0.85 |
| 22. | ECML Nominees (Tempatan) Sdn. Bhd.<br>*Pledged Securities Account for Yeap Gek @ Yeap Poh Chim* | 197,900 | 0.84 |
| 23. | Koh Sooi Kwang | 192,080 | 0.82 |
| 24. | Huang Phang Lye | 176,000 | 0.75 |
| 25. | Mohamed Azmi Bin Mahmood | 166,640 | 0.71 |
| 26. | Hauw Tio Hiong | 152,320 | 0.65 |
| 27. | Ham Ah Lui @ Ham Wee Boon | 152,000 | 0.65 |
| 28. | Lim Kok Seng | 150,000 | 0.64 |
| 29. | HDM Nominees (Tempatan) Sdn. Bhd.<br>*DBS Vickers Secs (S) Pte. Ltd. for Yeap Poh Chim* | 140,000 | 0.59 |
| 30. | HLB Nominees (Tempatan) Sdn. Bhd.<br>*Pledged Securities Account for Ng Yoke Yen* | 140,000 | 0.59 |
| | **TOTAL** | **17,700,771** | **75.35** |

**DIRECTORS' WARRANTHOLDINGS as at 30 April 2010**

| | No. of Warrants | | | |
|---|---|---|---|---|
| **Name of Directors** | **Direct** | **%** | **Indirect** | **%** |
| Kamil Ahmad Merican | - | - | - | - |
| Loo Soo Loong | 24,000 | 0.10 | - | - |
| Chan Kok Leong | - | - | - | - |
| Vijeyaratnam a/l V. Thamotharam Pillay | - | - | - | - |
| Professor Datuk Dr. Nik Mohd Zain Bin Nik Yusof | - | - | - | - |

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Twenty-Sixth Annual General Meeting of Fututech Berhad will be held at Tioman Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Friday, 18 June 2010 at 10.00 a.m. for the following purposes:

**AGENDA**

**As Ordinary Business**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 and the Reports of the Directors and Auditors. ***Resolution 1***

2. To approve payment of Directors' fees for the financial year ended 31 December 2009. ***Resolution 2***

3. To re-elect as Director, Encik Kamil Ahmad Merican who retires in accordance with Article 89 of the Company's Articles of Association. ***Resolution 3***

4. To re-elect as Director, Mr Loo Soo Loong who retires in accordance with Article 89 of the Company's Articles of Association. ***Resolution 4***

5. To re-appoint Ernst & Young as Auditors for the financial year ending 31 December 2010 and to authorise the Directors to fix the Auditors' remuneration. ***Resolution 5***

**As Special Business**

**To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:**

6. **Authority for Directors to Issue Shares** ***Resolution 6***

   "**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting of the Company to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being, and that the Directors be and are also authorised to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad."

7. **Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** ***Resolution 7***

   "**THAT**:
   
   (i) pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the existing general mandate for recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries ("Fututech Group") given by the shareholders of the Company on 26 June 2009 be and is hereby renewed and approval be and is hereby given to the Fututech Group to continue to enter into and to give effect to the recurrent related party transactions with the related parties as set out in Table A, Section 2.3 of the circular to shareholders dated 27 May 2010 ("Circular") being transactions carried out in the ordinary course of business of the Fututech Group on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company;

7. **Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** *cont'd*

(ii) pursuant to paragraph 10.09 of the Listing Requirements, approval be and is hereby given to the Fututech Group to enter into the additional recurrent related party transactions with the related parties as set out in Table B, Section 2.3 of the Circular being transactions carried out in the ordinary course of business of the Fututech Group on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company;

(iii) disclosure of the breakdown of the aggregate value of the recurrent related party transactions conducted pursuant to the general mandate during a financial year based on the following information will be made in the Company's Annual Report for the said financial year:-

(a) the types of recurrent related party transactions made; and

(b) the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company;

(iv) the approval hereby given shall continue to be in force until:-

(a) the conclusion of the next annual general meeting ("AGM") of the Company following the general meeting at which the general mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Companies Act, 1965); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earliest;

**AND THAT** authority be and is hereby given to the Directors of the Company to do such acts and things (including, without limitation, executing all such documents as may be required) to enter into and to give effect to the recurrent related party transactions authorised by this ordinary resolution."

8. To transact any other business of which due notice shall have been received in accordance with the Companies Act, 1965.

By Order of the Board
**ANG HONG MAI** *(MAICSA NO. 0864039)*
Company Secretary

Kuala Lumpur
27 May 2010

# Notice of Annual General Meeting
*cont'd*

***Notes:***

1. *A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company, an advocate, an approved company auditor, or a person approved by the Registrar.*
2. *A member of the Company may appoint more than one (1) proxy to attend at the same meeting. Where a member appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
3. *Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *A Power of Attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing.*
5. *The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the Registered Office at Level 3A (Annexe), Menara Milenium, 8 Jalan Damanlela, Damansara Heights, 50490 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be.*

***EXPLANATORY NOTES TO SPECIAL BUSINESS:***

***1. Authority for Directors to Issue Shares***

*The Ordinary Resolution proposed under item 6 of the Agenda, if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company, subject to compliance with the relevant regulatory requirements. The approval is sought to avoid any delay and cost in convening a general meeting for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting. The general mandate had also been sought for in the last Annual General Meeting of the Company. There were no shares issued and no proceeds raised from the previous mandate.*

***2. Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature***

*The Ordinary Resolution proposed under item 7 of the Agenda, if passed, will enable the Company and/or its subsidiaries to enter into any of the existing and additional recurrent related party transactions of a revenue or trading nature which are necessary for the Company and/or its subsidiaries' day-to-day operations, subject to the transactions being in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.*

# Statement Accompanying Notice of Annual General Meeting

The Directors standing for re-election at the Twenty-Sixth Annual General Meeting of the Company pursuant to Article 89 of the Company's Articles of Association are as follows:

(i) Encik Kamil Ahmad Merican
(ii) Mr. Loo Soo Loong

Further details of the Directors standing for re-election are set out in the Profile of Directors on page 3 of the Annual Report. The details of the Directors' securities holding in the Company are set out in the Analysis of Shareholdings and Warrantholdings on pages 73 to 77 of the Annual Report.

# FORM OF PROXY

FUTUTECH 富德

I/We, ______________________________________________
*(Full Name in Block Letters)*

NRIC No./Company No. ________________________of ______________________________________________

______________________________________________
*(Full Address)*

being a member/members of Fututech Berhad, hereby appoint ______________________________________________

______________________________________________
*(Full Name and NRIC No.)*

of ______________________________________________
*(Full Address)*

or failing him/her ______________________________________________
*(Full Name and NRIC No.)*

of ______________________________________________
*(Full Address)*

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Sixth Annual General Meeting of the Company to be held at Tioman Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Friday, 18 June 2010 at 10.00 a.m. and at any adjournment thereof in the manner indicated below:-

| | | FOR | AGAINST |
|---|---|---|---|
| **Resolution 1** | To receive Audited Financial Statements for the financial year ended 31 December 2009 and the Reports of Directors and Auditors. | | |
| **Resolution 2** | To approve payment of Directors' fees. | | |
| **Resolution 3** | To re-elect Encik Kamil Ahmad Merican as a Director. | | |
| **Resolution 4** | To re-elect Mr. Loo Soo Loong as a Director. | | |
| **Resolution 5** | To re-appoint Ernst & Young as Auditors and to authorise the Directors to fix the Auditors' remuneration. | | |
| **Resolution 6** | To approve the authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares. | | |
| **Resolution 7** | To approve the Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature. | | |

*Please indicate with an "x" on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.*

| Number of Ordinary Shares Held |
|---|
| |

______________________________
Signature of Shareholder(s) or Common Seal

Signed this _________ day of _________ 2010

***Notes:***

1. *A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company, an advocate, an approved company auditor, or a person approved by the Registrar.*
2. *A member of the Company may appoint more than one (1) proxy to attend at the same meeting. Where a member appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
3. *Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *A Power of Attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing.*
5. *The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the Registered Office at Level 3A (Annexe), Menara Milenium, 8 Jalan Damanlela, Damansara Heights, 50490 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be.*

Fold This Flap For Sealing

Then Fold Here

Affix
Stamp

**The Company Secretary**
**FUTUTECH BERHAD**
Level 3A (Annexe), Menara Milenium,
8, Jalan Damanlela, Damansara Heights,
50490 Kuala Lumpur

1st Fold Here