

ANNUAL REPORT

2009



Nagamas International Berhad (111365-U)

隆基马中国际有限公司

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Corporate Information

Board Of Directors

Dato' Ng Kek Kiong
(Executive Chairman)

Dato' Lee Ah Chien @ Lee Ow Kim
(Senior Independent Non-Executive Director)

Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman
(Non-Independent Non-Executive Director)

Ng Fung Mo
(Executive Director)

Liu Xiuqing
(Independent Non-Executive Director)

Wong Soo Thiam
(Independent Non-Executive Director)

Ian Ghee Eik Kai
(Independent Non-Executive Director)

Company Secretaries

Yeoh Chong Keat (MIA 2736)
Lim Fei Chia (MAICSA 7036158)

Registered Office

Suite 11.1A, Level 11, Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur
Telephone : 03-2031 1988
Facsimile : 03-2031 9788

Corporate Address

2nd Floor, No. 31 & 33
Wisma Malaysia-Beijing
Jalan Maharajalela
50150 Kuala Lumpur
Telephone : 03-2141 8818
Facsimile : 03-2144 2868

Board Committees

Audit Committee

Dato' Lee Ah Chien @ Lee Ow Kim (Chairman)
Ian Ghee Eik Kai
Wong Soo Thiam

Remuneration Committee

Dato' Lee Ah Chien @ Lee Ow Kim (Chairman)
Dato' Ng Kek Kiong
Ian Ghee Eik Kai

Nomination Committee

Ian Ghee Eik Kai (Chairman)
Dato' Lee Ah Chien @ Lee Ow Kim
Wong Soo Thiam

Auditors

Tai, Yapp & Co. (AF 0205)
Chartered Accountants
No. 3-2, Jalan Indrahana 2
Off Jalan Kuchai Lama
58200 Kuala Lumpur
Telephone : 03-7983 0948
Facsimile : 03-7981 9912

Share Registrars

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone : 03-2264 3883
Facsimile : 03-2282 1886

Principal Bankers

Public Bank Bhd
RHB Bank Bhd
Public Bank (Hong Kong) Ltd
Bank Of China (Malaysia) Bhd

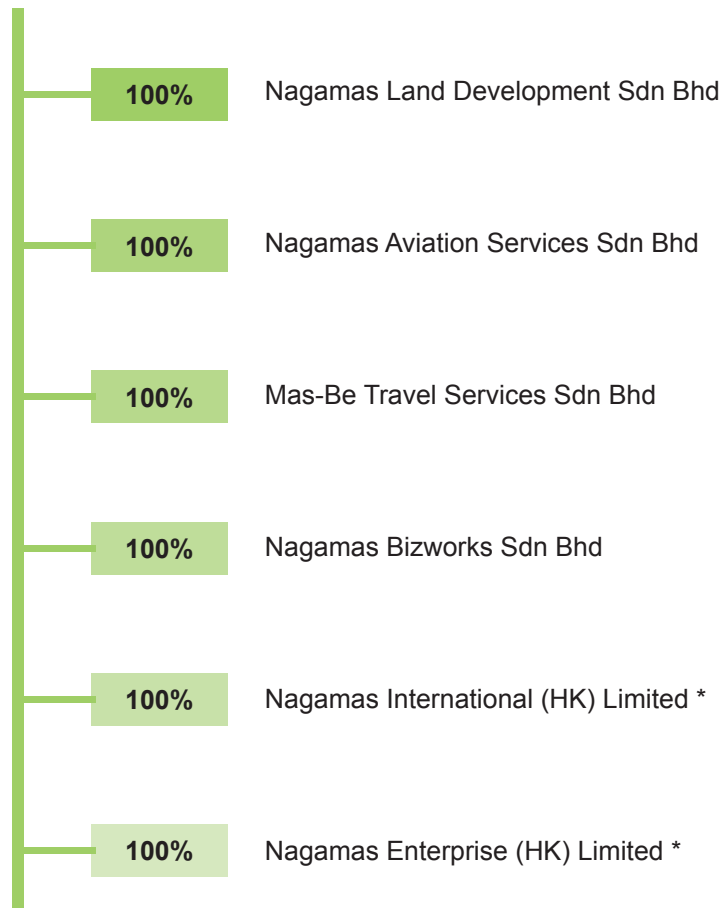
Stock Exchange Listing

Main Market Of Bursa Malaysia Securities Berhad
Sector : Trading
Stock Code : 8923
Stock Short Name : Nagamas

Corporate Structure



Nagamas International Berhad



* Incorporated in Hong Kong

Director's Profile

DATO' NG KEK KIONG

Executive Chairman

Dato' Ng Kek Kiong, Malaysian, aged 57. He was appointed to the Board on December 8, 2006 as Non-Independent Non-Executive Director. Dato' Ng was redesignated as Executive Director on September 7, 2007 and on March 26, 2010, Dato' Ng was redesignated as Executive Chairman of the Company and was appointed as a member to the Remuneration Committee.

Dato' Ng started his career with Singer Sewing Machine Shop, he then joined the Ministry of Housing and Local Government as a New Village Development Officer for the State of Negeri Sembilan. Later, he became the Special Assistant to the then Minister of Housing and Local Government, Tan Sri Dato' Michael Chen Wing Sum.

Dato' Ng ventured into business in the 80s, and has since been doing business in China for more than two (2) decades. Dato' Ng is the founder of Malaysia-Beijing Group of Companies. He has vast experience in other business fields including air cargo, real estate, plantation and trading.

Dato' Ng is also actively involved in various guilds and associations. Currently, he is the President of Federation of Fui Chiu Association Malaysia, President of Fui Chiu Association Selangor & Kuala Lumpur, Vice President of Malaysia-China Friendship Association, Honorary President of Hakka Association W.P. Kuala Lumpur & Selangor, Board of Governor for SJK (C) Yu Chai Ulu Beranang, Advisor to Malaysia-China Chamber of Commerce, Advisor to Negeri Sembilan Fui Chiu Association, Advisor to National Newspaper Vendors Association, Deputy Director of Chinese International Foreign Trade Council, Council Member of Tourism Malaysia China Market Advisory Council, Member of Boao Forum for Asia, Member of Malaysian Chinese Tourism Association and Member of Malaysia-China Business Council.

Dato' Ng is not a director of any other public companies. He does not have any family relationship with and is not related to any Director and/or major shareholder save and except the indirect interest of 13,621,225 shares held through MB Longji Sdn Bhd which is a substantial shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

TAN SRI DATO' (DR) ABDUL AZIZ BIN ABDUL RAHMAN

Non-Independent Non-Executive Director

Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman, Malaysian, aged 77. He was appointed to the Board on March 26, 2010 as Non-Independent Non-Executive Director.

Tan Sri Abdul Aziz is a Fellow of Chartered Institute of Transport, United Kingdom, Fellow of Institute of Management Malaysia, Fellow of Institute of Directors Malaysia, Fellow of Institute of Public Relations Malaysia and Fellow of Asian Institute of Management Science.

Tan Sri Abdul Aziz is an Advocate and Solicitor and partner in the law firm of Nik Saghir & Ismail, Kuala Lumpur. He has more than 35 years experience in managing public and private corporations. He started by serving the government for 15 years, the first 7 years as an administrative officer and for 8 years he was in the judicial and legal service of the Federal Government. He served as Magistrate, President Sessions Court, Federal Counsel and Assistant Parliamentary Draftsman. His last government appointment was as Federal Counsel and Legal Officer of the National Operation Council (NOC) during the Emergency of 1969.

Tan Sri Abdul Aziz subsequently served Malaysian Airlines from its inception in 1971 as company secretary and Director of Legal Affairs. He retired in late 1991 as the Managing Director and Chief Executive Officer, a position he held for 10 years. He was responsible for its vast expansion and had turned MAS into a profitable and leading player in the world of aviation.

Tan Sri Abdul Aziz has presented many papers at seminars and conferences on aviation, airline, management and tourism, in Malaysia and abroad. He is a fellow of several institutes and for several years served as the President of the Chartered Institute of Transport Malaysia. He served as the President of the International Council of the Chartered Institute of Transport with its headquarters in London for one term. This was the first time an Asian was accorded such a privilege by election.

Tan Sri Abdul Aziz writes regularly on management issues and was an Adjunct Professor in the Faculty of Management of University Utara Malaysia. He has written a book entitled "Management Philosophy and Techniques" 1992.

Tan Sri Abdul Aziz sits on the Board of Majuperak Holdings Bhd and BTM Resources Bhd. He does not have any family relationship with any Director and/or major shareholder of the Company. Tan Sri Abdul Aziz has a direct interest of 2,000,000 shares in the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

Director's Profile (Cont'd)

NG FUNG MO

Executive Director

Mr Ng Fung Mo, permanent resident of Hong Kong Special Administrative Region, aged 47. He was appointed to the Board on December 8, 2006. He was redesignated as Executive Director on September 7, 2007. Mr Ng holds a MBA degree (specializing in property development) from the Chong Sun University.

Currently, Mr Ng is an appointed member of the Political Consultative Committee for the city of Huizhou and holds the post of Deputy Chairman of Huiyang District's Association of Real Estate Development. During the past two (2) decades, he has made significant contribution to the property development industry in Huiyang District.

Mr Ng does not have any family relationship with any Director and/or major shareholder save and except the indirect interest of 13,621,225 shares held through MB Longji Sdn Bhd which is a substantial shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

DATO' LEE AH CHIEN @ LEE OW KIM

Senior Independent Non-Executive Director

Dato' Lee Ah Chien @ Lee Ow Kim, Malaysian, aged 66. He was appointed to the Board on July 27, 2000 as an Independent Non-Executive Director. Dato' Lee is the Chairman of the Audit Committee and Remuneration Committee. He is also a member of Nomination Committee and the Senior Independent Director to whom investors may contact.

Dato' Lee is a Fellow of the Association of Chartered Certified Accountants, United Kingdom, a Fellow and Council Member for Area 16 (South East Asia) of Chartered Institute of Management Accountants, United Kingdom from year 2004 till 2010, and Past President of the Chartered Institute of Management Accountants, Malaysia Division. Dato' Lee is also a member of the Malaysian Institute of Accountants (MIA), Council Member of MIA during the years 2002 to 2004.

Currently, Dato' Lee is the Senior Consultant cum Company Secretary of Toray Malaysia Group of Companies, an international chemicals and integrated textile group, having served as its Executive Director since 1984 till January 2006. Prior to joining the Toray Malaysia Group, he was the Senior Financial Analyst of Esso Malaysia Bhd. He is also currently a Council Member of the Federation of Malaysian Manufacturers (FMM) and the Chairman of its Penang Branch. Dato' Lee is a Director of Rosettanet Malaysia Bhd since December 2007, a nominee of FMM.

Dato' Lee does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

IAN GHEE EIK KAI

Independent Non-Executive Director

Ian Ghee Eik Kai, Malaysian, aged 44. He was appointed to the Board on 26 November 2008 as Non-Independent Non-Executive Director. He was appointed as Chairman of the Nomination Committee and member of the Audit Committee and Remuneration Committee on August 12, 2009. Mr Ian Ghee was redesignated as an Independent Director on 16 November 2009.

Mr Ian Ghee graduated from the University of London with a LLB Degree in 1990. He further pursued and completed his Certificate of Legal Practice in 1992. Mr. Ian Ghee chambered in Messrs Paul Chong & Kraal and was called to the Malaysian Bar on 17th September 1993. He subsequently worked in Messrs Ng & Ong as a legal assistant from 1993 to 1999. Currently, he is one of the main partners in Messrs Ian Ghee & Associates. He specializes in civil and corporate litigation, company law and debt collection, industrial disputes, probate matter and conveyancing practice.

Mr Ian Ghee is also a member of Independent Ethics Committee of Sime Darby Medical Centre.

Mr. Ian Ghee is not a director of any other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no convictions for offences within the past ten years.

Director's Profile (Cont'd)

LIU XIUQING

Independent Non-Executive Director

Mr Liu Xiuqing, national of the People's Republic of China, aged 56. He was appointed to the Board on October 1, 2007 as an Independent Non-Executive Director. He holds a Bachelor of International Business Administration degree from the Nanjing University.

He started his career with Jiangsu Province Taisen Chiautao Construction Company in 1973 as a Technician and became General Manager of the company in 1990. In 1994, he joined Jiangsu Province Jiangyen City Fifth Construction Engineering Company as its General Manager. In 1999, he joined Jiangsu Chenta Construction Co Ltd and became its President and General Manager. Since 2001 till now, Mr Liu has been the President and General Manager of CCIC South Construction Co Ltd, subsidiary of China Construction International Corporation based in Shenzhen, China, a licensed Grade I building and construction contractor specializes in engineering and construction, decoration, steel-structure engineering, mechanical and electrical equipment installation. Under his leadership, the company has grown tremendously and has constructed building projects with built-up area of more than 3 million square meters. He has in total more than thirty (30) years experience in the engineering and construction industry in China.

Mr Liu is not a director of any other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

WONG SOO THIAM

Independent Non-Executive Director

Mr Wong Soo Thiam, Malaysian, aged 55. He was appointed to the Board on November 27, 2007 as an Independent Non-Executive Director. He is a member of the Audit Committee and Nomination Committee.

Mr Wong is a Chartered Accountant by profession, member of Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA).

He is a partner of Ong Boon Bah & Co, a firm of Chartered Accountants in Kuala Lumpur. He has over thirty (30) years of professional experience in auditing, taxation and management consultancy.

Mr Wong is not a director of any other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten (10) years.

Chairman's Statement

On behalf of the Board of Directors of Nagamas International Berhad, it is my pleasure to present the Annual Report and Audited Financial Statements of the Group for the financial year ("FY") ended 31 December 2009.

Financial Review

For FY2009, the Group recorded a turnover of RM109.2 million (financial period ("FP") 2008: RM78.6 million) and an after tax loss of RM2.1 million (FP2008: after tax profit of RM0.4 million). The FY2009 coincided with the worst financial crisis since the Great Depression and proved to be a very challenging year. The Aviation Division suffered from the global financial crisis when China's exports and tourism business between Malaysia and China slowed down, thus severely reducing the profit margin for air cargo and airline ticketing businesses.

Review of Operations

The general outlook for the Group's Industrial Division and Aviation Division remains challenging as consumer sentiment has been affected by continued uncertainty in the existing economic climate. In foreseeing the deteriorating business environment for the Industrial Division and to focus on non-manufacturing based businesses, the Board has proposed to dispose of the businesses of the Industrial Division in the middle of FY2009 and the proposed disposal was successfully completed on 8 January 2010.

Outlook & Strategy

In line with the Group's long term strategic vision to reshape and reinvent in order to meet constant changes, the Group started spreading its wings to the property development business in the middle of FY2009. The focus of the Group's Property Division is on the medium to high end mixed development segment located in markets with favorable and attractive growth potential in both Malaysia and various third tier cities in China such as Danshui, Daya Bay, Zhangjiang, Yongzhou, etc.

Going Forward

While conditions surrounding the recovery of the global economy remain unclear, the Group remains optimistic about its business prospect. The Group will continuously monitor developments closely and be proactive in implementing measures to face any eventualities. Moving forward, we will continue to embark on our plans to expand our property development business by constantly looking for strategic partners that offer lands for development situated in established markets that can help unlock greater value for our loyal shareholders.

Corporate Social Responsibility

The Group recognizes the importance of Corporate Social Responsibility and during the FY under review, the Group has on various occasions through some of the directors participated in activities ranging from raising donations and sponsorship and extended contribution to Chinese Associations in Kuala Lumpur that operate conscientiously and are committed to the well being of the needy and less privileged in the community.

The Group is also aware of its responsibility at the workplace and consistently promotes quality, safe and healthy work environment at the workplace through various awareness campaigns which are in line with the established Safety and Health Policy, as well as encouraging continuous learning and training programs and social activities as part of human capital development to the employees.

Acknowledgement

On behalf of the Board, I would like to thank our valued shareholders, customers, business associates, financiers, the regulatory authorities and members of the community, for their continued support and trust in our Group. I would also like to record our sincere appreciation to the management team and all employees of the Group for their invaluable contributions and tireless efforts throughout the year.

To my fellow directors, I would like to express my gratitude for their inputs, contributions and support.

Dato' Ng Kek Kiong
Executive Chairman

Corporate Governance Statement

The Board of Directors (“the Board”) of Nagamas International Berhad (“the Company” or “Nagamas”) recognises that corporate governance is a continuous process and is therefore committed to direct and manage the Company in ensuring that the Group practices good corporate governance in line with the Malaysian Code on Corporate Governance (the “Code”) in discharging its responsibilities to enhance shareholder value and to protect the interests of shareholders.

In preparing this report, the Board has considered the manner in which the Company has applied the principles of the Code and the extent to which it has complied with the Best Practices of the Code. The Board is of the opinion that aside from any exceptions noted below, the Group has applied the principles set out in Part 1 of the Code and has complied with the Best Practices set out in Part 2 of the Code during the financial year ended 31 December 2009.

I. THE BOARD

a. Directors

(i) **Composition and Size of Board**

The Board of Nagamas currently comprises one (1) Executive Chairman, one (1) Executive Director, four (4) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The profiles of the members of the Board are provided in this Annual Report.

The Board retains full and effective overall control of the Company, and is responsible for overseeing the conduct and performance of the Group’s businesses and provides oversight for the Group’s internal controls. The Board is of the opinion that the interests of shareholders of the Company are fairly represented through the current composition and its size constitutes an effective Board. The wide spectrum of knowledge, skills and experience of the Board members gives added strength to the leadership which is necessary for the effective stewardship of the Group.

The Company practices a clear demarcation of responsibilities and a balance of power and authority. The role of the Executive Chairman are mainly strategic planning and advisory whereas the roles of the Executive Directors are clearly divided and they are responsible for the day-to-day running of the business, implementation of Board policies and making operational decisions.

(ii) **Board Balance and Board Effectiveness**

The Board of Nagamas is a balanced Board with a complementary blend of expertise with members drawn from varied backgrounds; bringing with them, in depth and diversity in experience, expertise and perspectives to the Group’s business operations. All the Independent Directors are independent of Management and are free from any relationship that could materially interfere with the exercise of their independent judgement. Directors are able to act independently and express their views unfettered and free from any influence.

The four (4) Independent Directors of the Company which forms more than one third (1/3) of the Board provides the Board with a good mix of industry-specific knowledge plus broad business and commercial experience. They provide guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group’s strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity are maintained by the Group.

b. Board Meetings

(i) **Procedure**

The annual calendar of meetings is agreed at the beginning of each year. As stipulated in the Articles of Association of the Company, the quorum for Board Meeting is three (3). Board Meetings are scheduled in advance at the beginning of the calendar year to enable Directors to plan ahead and fit the year’s meetings into their own schedules. In order to enable Directors to discharge their responsibilities effectively, the Board and its committees are supplied with and have access to accurate, relevant, full and timely information. During these meetings, the Board also appraises, where relevant, new investment and business proposals, reviews the management or performance of the business of operating units, and existing investments and any other strategic issues that affect or may affect the Group’s business and corporate well-being.

Board Meetings are governed by a structured formal agenda. All major issues included in the agenda are where possible supported by comprehensive background information to enable the Board to make informed decisions. All Directors are provided with an agenda and at each Board meeting. The Executive Directors and Senior Management Staff will brief the Board on the Group’s activities and operations. The issues would then be deliberated and discussed thoroughly by the Board prior to decision making. Proceedings of Board Meetings are recorded and signed by the Chairman of the Meeting.

During the financial year ended 31 December 2009, the Board met ten (10) times; whereat it deliberated and considered a variety of matters including the Group’s financial results, major investment and strategic decisions.

Corporate Governance Statement (Cont'd)

(ii) Attendance at Board Meetings

The attendance of the Directors at the Board Meetings held during the financial year ended 31 December 2009 are as follows:-

| Director | Position | Total meetings attended |
|--|---|-------------------------|
| Dato' Ng Kek Kiong | Executive Chairman | 10/10 |
| Dato' Lee Ah Chien @ Lee Ow Kim | Senior Independent Non-Executive Director | 9/10 |
| Ng Fung Mo | Executive Director | 10/10 |
| Liu Xiuqing | Independent Non-Executive Director | 10/10 |
| Wong Soo Thiam | Independent Non-Executive Director | 10/10 |
| Ian Ghee Eik Kai | Independent Non-Executive Director | 8/10 |
| Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman (Appointed w.e.f. 26 March 2010) | Non-Independent Non-Executive Director | - |
| Dato' Tan Yik Huay (Resigned w.e.f. 8 February 2010) | Executive Chairman | 10/10 |
| Datuk Azizan Bin Abd Rahman (Resigned w.e.f. 31 July 2009) | Independent Non-Executive Director | 7/7 |
| Dato' Ong Jyh Jong (Resigned w.e.f. 24 February 2009) | Chief Executive Officer | - |

The Secretary was present at all the Board Meetings held during the financial year ended 31 December 2009.

(iii) Supply of Information and Access to Advice

Directors whether as a full Board or in their individual capacity have full and unrestricted access to all information within the Company on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities. All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board Meeting procedures are followed and that applicable rules and regulations are complied with. Directors are also regularly updated and advised of any new regulations, guidelines or directives issued by Bursa Malaysia Securities Berhad ("Bursa Securities"), Securities Commission and/or other relevant regulatory authorities. The Board may also avail itself of independent professional opinion and advice, whenever necessary, in the course of fulfilling its responsibilities. Additionally, the Board invites Senior Management to brief the Board from time to time on matters being deliberated as they are able to help bring insight into these matters.

c. Appointments to the Board

The Company has established a formal and transparent procedure for appointment of new Directors. The proposed appointment is first considered by the Nomination Committee which takes into account inter alia the necessary skill and experience of the candidate before making a recommendation to the Board.

d. Re-Election of Directors

In accordance with the Articles of Association of the Company, one-third (1/3) of the Directors or the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting ("AGM") and each Director shall stand for re-election at least once every three (3) years. Directors appointed by the Board are subject to re-election by shareholders at the next AGM held following their appointments.

e. Directors' Training

The Company does not at present have a formal program for the orientation of newly appointed Directors. The Board considers that the activities of the Group at this time are not so complex as to warrant a formal programme. All members of the Board have attended and completed the Mandatory Accreditation Programme as required under the Main Market Listing Requirements of Bursa Securities.

Corporate Governance Statement (Cont'd)

The Company considers continuous training for Directors as important to enable them to effectively discharge their duties. Directors are encouraged and will continue to attend further educational programmes and seminars regularly to keep abreast of any new developments in the Listing Requirements of Bursa Securities, other relevant legislation and regulations and to enhance their skills and knowledge. During the financial year, the Directors of the Company have attended the following trainings:

| Name | Date of training | Subject |
|---------------------------------|--|--|
| Dato' Ng Kek Kiong | 26 June 2009 15 - 17 July 2009 24 October 2009 | Knowledge Changes Your Destiny ASEAN – China Good Relations Organisational Congress 2010 Budget Talk |
| Dato' Lee Ah Chien @ Lee Ow Kim | 14 May 2009 1 - 2 June 2009 13 - 14 July 2009 | Investing in Cogeneration & Solar Power for the Private Sector Penang Outlook Forum 2009 CIMA World Conference 2009 |
| Wong Soo Thiam | 4 - 5 August 2009 27 October 2009 | National Tax Conference 2009 2010 Budget Talk |
| Ng Fung Mo | 15 - 17 July 2009 | ASEAN – China Good Relations Organisational Congress |
| Liu Xiuqing | 15 - 17 July 2009 | ASEAN – China Good Relations Organisational Congress |
| Ian Ghee Eik Kai | 24 November 2009 | Green Initiatives for Corporate Sectors |

f. Directors' Remuneration

The remuneration of Directors and Senior Management are determined at levels which will enable the Group to attract and retain the Directors and Senior Management needed to run the Group successfully. In the case of Executive Directors as well as Senior Management, they are to be appropriately rewarded giving due regard to the corporate and individual performance. Directors' fees are paid to Non-Executive Directors and these are subject to approval of shareholders at the AGM. The aggregate remuneration of Executive Directors and Non-Executive Directors and the range of remuneration of Directors in the respective bands for the financial year are provided in page 44 of this Annual Report.

II. BOARD COMMITTEES

The Board has delegated certain responsibilities to Board Committees which operate within clearly defined terms of reference. These committees are:-

| <u>Board Committees</u> | <u>Key functions</u> |
|---------------------------|-----------------------------|
| a. Audit Committee | As set out on page 13 to 15 |
| b. Nomination Committee | As set out on page 16 |
| c. Remuneration Committee | As set out on page 17 to 18 |

III. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

a. Dialogue between Company and Investors

The Board acknowledges the importance for shareholders to be informed of all material business and corporate matters affecting the Group. The Group's performance is reported quarterly to Bursa Securities and the yearly business review is disclosed in the Annual Report. Information is also disseminated in strict adherence to the disclosure requirements of Bursa Securities.

Apart from contacts at general meetings, there is currently no formal programme or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the Management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the Management is of the opinion that this arrangement has been satisfactory to all parties. Any queries or concerns with regards to the Group may be addressed to the Senior Independent Non-Executive Director, via the Company Secretaries.

Corporate Governance Statement (Cont'd)

b. Annual General Meeting

The Company uses the AGM as the primary way of communicating with shareholders. The Annual Report together with the Notice of AGM are sent to shareholders at least twenty one (21) days before the date of the meeting. The Board members as well as the Auditors of the Company are present to respond to all questions raised by the shareholders at the meeting. Status of all resolutions proposed at the AGM are submitted to Bursa Securities at the end of the meeting day. Any special business included in the notice of general meeting will be accompanied by an explanatory statement of the effects of a proposed resolution.

IV. ACCOUNTABILITY AND AUDIT

a. Financial Reporting

The Directors have the responsibility to present a balanced and fair assessment of the Group's position and prospects in the Annual Reports to shareholders and quarterly reports to Bursa Securities. The Audit Committee assists in reviewing the information for disclosure to ensure accuracy, adequacy and completeness. The Board is also responsible to ensure that the accounting records of the Group are properly kept.

b. Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal control, and for reviewing its adequacy and integrity to safeguard shareholders' investment and the Company's assets. The review of the Group's system of internal control is a concerted and continuing process. In the pursuit of this objective, the Directors are aware that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Group's objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Internal Control Statement of the Group is set out on page 11 of this Annual Report.

c. Relationship with the Auditors

The Company has always and would continue to maintain a close and transparent relationship with its External Auditors in seeking professional advice and ensuring compliance with the appropriate accounting standards. The role of the Audit Committee in relation to the External Auditors are provided in the Audit Committee Report from page 13 to page 15 of this Annual Report.

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS FOR PREPARING THE ANNUAL FINANCIAL STATEMENTS

The Directors of the Company are required to ensure that the financial statements of each financial year are properly drawn up in accordance with the provisions of the Companies Act, 1965 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2009, the Group has used suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements.

The Directors have responsibility for ensuring that the Group keeps sufficient accounting records which disclose with reasonable accuracy, the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

Internal Control Statement

INTRODUCTION

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities requires the Board of Directors of the Company to make a statement in this Annual Report about the state of internal control in the Company as a Group. The Board is pleased to provide the following Statement on Internal Control which has been prepared in accordance with the “Statement on Internal Control – Guidance for Directors of Public Listed Companies”.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining a sound system of internal control, and for reviewing its adequacy and integrity to safeguard shareholders’ investment and the Company’s assets. The review of the Group’s system of internal control is a concerted and continuing process. In the pursuit of this objective, the Directors are aware that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Group’s objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

KEY ELEMENTS OF INTERNAL CONTROL

The principal features of the Group’s system of internal control can be summarized as follows:

(a) Reporting and Review of Financial Performance

Scheduled meetings are held at operational and Management levels to identify, discuss and resolve business and operational matters. Monthly and quarterly review of financial results and forecasts are held for all business within the Group. Operational and financial performance are regularly monitored with formulation of action plans to address any areas of concern. Quarterly, interim and full year results of the Group’s state of affairs are disclosed to the shareholders after review and approval by the Board.

(b) Staffing Policies

Policies and procedures on hiring and training scheme of staff have been established at Group level with individual business group having the flexibility to adapt these policies for their specific needs. Staffs are guided on where and how they can contribute their knowledge and skills through continuous upgrading to meet the demand of their working requirements.

(c) Authority and Accountability Levels

The Group has a well defined organisation structure with clear lines of accountability, approval and control procedures to provide a sound framework within the organisation in facilitating proper decision making at the appropriate authority levels of Management including matters that require Board approval.

(d) Internal Control

The Group monitors internal control compliance through Management review and quarterly audit by the Internal Auditors. The Group has out-sourced its internal audit function to Audex Governance Sdn Bhd to perform regular and systematic review so as to assess and provide sufficient assurance on the effectiveness of the system of internal control within the Group and to highlight significant risks impacting the Group. Weaknesses and non-compliance are reported to the Audit Committee together with recommendation for improvement.

(e) Management Meetings

Management meetings are conducted regularly with the Executive Directors, Senior Management and/or Head of Departments in attendance. The meetings discuss and decide on all operational issues as well as inform and update all Senior Management and Head of Departments on all major policies and business strategies directed by the Board.

The Group continues to take measures to enhance and strengthen the Group’s system of internal control.

RISK MANAGEMENT FRAMEWORK

The process of identifying, evaluating and managing the key risks within the Group is an integral part of the internal control framework. The Board has reviewed risk management process of certain identified business entities within the Group and acknowledges that effective risk management is an integral part of good business management practice.

The process of risks assessment and management is an ongoing process which is being carried out at each level of operations. This process is monitored by the Board to ensure the adequacy and integrity of the system of internal control.

Management is responsible for the identification, evaluation and mitigation of risks applicable to their areas of business with the assistance of properly designed and implementation of internal control processes. Management reports findings on a regular basis to the Audit Committee, who will assess the report on behalf of the Board. The Management report to the Board on significant changes in the business environment that present new risks to the business entities within the Group.

The Board will continue to pursue its objective in identifying and management of risks associated with the operation of the Group and to take the necessary measures to strengthen its internal control so as to facilitate the achievement of the Group’s business objectives.

Additional Compliance Information

1. MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the directors' and/or major shareholders' interest, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

2. SHARE BUY-BACK

During the financial year, the Company did not have a scheme to buy back its own shares.

3. OPTIONS OR CONVERTIBLE SECURITIES

The Company did not issue any options or convertible securities during the financial year.

4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year.

5. SANCTIONS AND/OR PENALTIES

During the financial year under review, there were no sanctions and/or penalties imposed on the Company and/or its subsidiary companies, directors or management by the relevant regulatory bodies.

6. NON-AUDIT FEE

The non-audit fees paid to the External Auditors during the financial year was RM101,181.49 due to the disposal of Industrial Division.

7. VARIATION IN RESULTS

There is a variation of RM1,000,479 between the Company's Audited Loss After Tax of RM2,147,479 and the Unaudited Loss After Tax of RM1,147,000 for the financial year ended 31 December 2009, primarily due to the write off of an amount of RM1,090,000 owing by its former subsidiary company, Westech Sdn Bhd (In Creditors' Liquidation) ["Amount Owing by WSB"].

The reconciliation of the variance between the announced Unaudited results for the year ended 31 December 2009 and the Audited Financial Statements of the Company for the financial year ended 31 December 2009 is as follows:

| | (RM'000) |
|---|--------------|
| Loss after taxation (per Unaudited results for the year ended 31 December 2009 announced on 8 January 2010) | 1,147 |
| Add : Written off of Amount Owing by WSB | 1,090 |
| Less : Other adjustments – net | 90 |
| Loss after taxation (per Audited Financial Statements for the year ended 31 December 2009) | <u>2,147</u> |

8. REVALUATION POLICY ON LANDED PROPERTY

The Group had not adopted any revaluation policy in relation to its landed properties.

9. PROFIT GUARANTEE

There was no profit guarantee given by the Company during the financial year.

10. RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”) OF A REVENUE OR TRADING NATURE

During the financial year, the RRPT entered into by the Group were as follows:

| Company in the Nagamas Group involved | Transacting Party | Nature of Transaction | Related Party and Nature of Interests | Actual value transacted during the financial year |
|---|--|--------------------------------------|--|---|
| Mas-Be Travel Services Sdn Bhd | Malaysia-Beijing Travel Services Sdn Bhd ("MBTS") | Ticketing Purchase Outsourcing | Dato' Ng Kek Kiong, being the director and major shareholder of Nagamas, is also a director and substantial shareholder of MBTS | The actual value transacted up to 31.12.2009 was RM11,460,898 |

Audit Committee Report

MEMBERS OF AUDIT COMMITTEE

The Audit Committee (“AC” or “Committee”) consists of three (3) members, all of whom are Independent Non-Executive Directors. The members of the AC are: -

| <u>Director</u> | <u>Position</u> |
|---|---|
| Dato’ Lee Ah Chien @ Lee Ow Kim (Chairman) | Senior Independent Non-Executive Director |
| Ian Ghee Eik Kai (appointed w.e.f. 12 August 2009) | Independent Non-Executive Director |
| Wong Soo Thiam | Independent Non-Executive Director |

Mr Ian Ghee was appointed a member of the AC on 12 August 2009 in place of Datuk Azizan Bin Abd Rahman, who has resigned from the Board w.e.f. 31 July 2009.

TERMS OF REFERENCE

1. Constitution

The Board of Directors have constituted and established a committee of the Board to be known as the Audit Committee.

2. Composition

- (a) The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall comprise of not less than three (3) members, all of whom must be Non-Executive Directors, with a majority of them being independent.
- (b) At least one (1) member of the Committee shall be a member of the Malaysian Institute of Accountants; or if not a member of the Malaysian Institute of Accountants, he must have at least three (3) years’ working experience and have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act, 1967 (“said Schedule”) or he must be a member of one (1) of the associations of accountants specified in Part II of the said Schedule; or has a degree/masters/doctorate in accounting or finance and at least three (3) years’ post qualification experience in accounting or finance or is a member of a professional accountancy organisation which has been admitted as full members of the International Federation of Accountants and at least three (3) years’ post qualification experience in accounting or finance; or at least seven (7) years’ experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- (c) No alternate director shall be appointed as a member of the Committee.
- (d) The members of the Committee shall elect a Chairman from among their numbers who shall be an Independent Director.
- (e) In the event of any vacancy in the Committee resulting in the non-compliance of subparagraph 15.09(1) of the Listing Requirements of Bursa Securities, the Board shall fill the vacancy within three (3) months from the date of the vacancy.
- (f) The Board shall review the terms of office and performance of the Committee and each of its members at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

3. Authority

- (a) The Committee is authorised by the Board to review and/or investigate any matter within the Committee’s terms of reference. It shall have full and unrestricted access to any information pertaining to the Group and shall have the resources it requires to perform its duties. All employees of the Group are required to comply with the requests made by the Committee.
- (b) The Committee is authorised by the Board to obtain external legal or independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, the expenses of which will be borne by the Company.
- (c) The Committee shall have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity.
- (d) The Committee shall be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary, in order to enable the Committee and the External Auditors or the Internal Auditors or both, to discuss problems and reservations and any other matter the External Auditors or Internal Auditors may wish to bring up to the attention of the Committee.

Audit Committee Report (Cont'd)

- (e) The Committee is not authorised to implement its recommendations on behalf of the Board but report its recommendations back to the Board for its consideration and implementation. Where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the Committee is authorised to promptly report such matters to the Exchange.

4. **Functions of the Committee shall be amongst others:-**

- (a) To consider the audit fee of the External Auditors, any questions of resignation or dismissal of the External Auditors and appointment of new External Auditors to replace outgoing auditor, and whether there is reason (supported by grounds) to believe that the Company's External Auditors is not suitable for re-appointment; and to recommend the nomination of a person or persons as External Auditors;
- (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 (1) audit firm is involved;
- (c) To act as an intermediary between Management or other employees, and the External Auditors;
- (d) To review the quarterly results and year-end financial statements prior to the approval by the Board, focusing particularly on:-
- (i) any changes in or implementations of major accounting policies and practices;
 - (ii) significant adjustments arising from audits;
 - (iii) significant and unusual events;
 - (iv) litigation that could affect results materially;
 - (v) the going concern assumption; and
 - (vi) compliance with accounting standards regulatory and other legal requirements.
- (e) To discuss problems and reservations arising from the interim and final audits, and any matter the External Auditors may wish to discuss (in the absence of Management where necessary);
- (f) To review matters arising from the audit with the External Auditors including any report or management letter and Management's response;
- (g) To do the following where an internal audit function exists:-
- (i) review the adequacy of the scope, functions and resources and competency of the internal audit function, and that it has the necessary authority to carry out its work;
 - (ii) review the internal audit programme, process and results of the internal audit programme, process and/or investigation undertaken and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
 - (iii) to ensure the internal audit function of the Company reports directly to the Committee;
 - (iv) review any appraisal or assessment of the performance of the internal audit function;
 - (v) to review the independence of the internal audit function;
 - (vi) approve any appointment or termination of Internal Auditors; and
 - (vii) provide the Internal Auditors an opportunity to submit reasons for resigning.
- (h) Review the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- (i) To consider any related party transactions and conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of Management integrity;
- (j) To consider the major findings of internal investigations and Management's response;
- (k) To prepare the annual Committee report to the Board which includes the composition of the Committee, its terms of reference, number of meetings held, a summary of its activities and the existence of internal audit function and summary activities of internal audit function for inclusion in the Annual Report;
- (l) To review the Board's statement on compliance with the Malaysian Code on Corporate Governance for inclusion in the Annual Report;
- (m) To carry out such other functions as may be agreed to by the Committee and the Board.

Audit Committee Report (Cont'd)

5. Meetings & Minutes

- (a) The Committee shall meet at least four (4) times annually. However, at least once a year, the Committee shall meet with the External Auditors without the Executive Directors being present.
- (b) A quorum shall be two (2) members, majority of whom must be Independent Directors.
- (c) Other than in circumstances which the Chairman considers inappropriate, the Chief Accountant and/or Chief of Finance and the representatives of the External Auditors and Internal Auditors shall attend all meetings of the Committee to make known their views on any matter under consideration by the Committee, or which in their opinion, should be brought to the attention of the Committee. The Committee may, as and when necessary, invite other members of the Board and members of Senior Management to attend the meetings.
- (d) The Company Secretary shall be the Secretary of the Committee and will record, prepare and circulate the minutes of the meetings of the Committee and ensure that the minutes are properly kept and produced for inspection, if required. The Committee shall report to the Board and its minutes tabled and noted by the Board.

Meetings held during the financial year ended 31 December 2009

The Committee met five (5) times during the financial year ended 31 December 2009 and the details of attendance are as follows:-

| Name | Total meetings attended |
|---|-------------------------|
| Dato' Lee Ah Chien @ Lee Ow Kim | 5/5 |
| Wong Soo Thiam | 5/5 |
| Ian Ghee Eik Kai | 1/1 |
| Datuk Azizan Bin Abd Rahman (Resigned w.e.f. 31 July 2009) | 3/3 |

Other Board members, Chief Accountant, Chief of Finance, representatives of the External Auditors and Internal Auditors were present by invitation to brief the Committee on specific issues, as and when necessary, with the Company Secretaries in attendance.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

During the financial year, the Audit Committee in the discharge of its duties and functions carried out the following activities:

- Reviewed the unaudited quarterly financial results and annual audited financial statements of the Group to ensure compliance with approved accounting standards and adherence to other regulatory requirements prior to submission to the Board for consideration and approval.
- Reviewed and assessed the significant issues set out in the management letter arising from the audit of the Group by the External Auditors for the financial year and seeks clarification and explanations from Management of the Company on issues noted in the audit reports.
- Reviewed the assistance provided by Management to the External Auditors during the course of their audit.
- Reviewed the audit fees for the External Auditors in respect of their audit of the Group and the Company.
- Considered and recommend the re-appointment of the External Auditors to the shareholders for approval.
- Reviewed the internal control system of the Group and made recommendations to the Board and Management on improvement of internal controls, procedures and systems and other matters noted by the Committee.
- Reviewed the recurrent related party transactions.

INTERNAL AUDIT FUNCTION

The internal audit function of the Company and Group is currently outsourced to an independent professional firm, Audex Governance Sdn. Bhd. The Internal Auditors undertakes internal audit functions based on the audit plan that is reviewed and approved by the Audit Committee. The cost incurred for Internal Audit Services in respect of the financial year under review is RM41,348.60.

The Internal Auditors have during the financial year ended 31 December 2009 reviewed and presented to the Committee their assessment on the adequacy and effectiveness of the Company subsidiaries' systems of internal control and compliance with the Group's policies and procedures over their business processes/areas; which includes amongst others, the reviewed of procurement process, inventory management, sales and marketing as well as credit control and collection. The internal audit reports are deliberated by the Committee and recommendations are duly acted upon by the Management. Follow-up reviews were conducted to ensure that the recommendations for improvement have been implemented by Management on a timely basis. During the financial year under review, the Internal Auditors also presented a 3-year Internal Audit Plan ending 2010 to the Committee.

Nomination Committee Report

MEMBERS OF NOMINATION COMMITTEE

The Nomination Committee ("NC" or "Committee") consists of three (3) members, all of whom are Independent Non-Executive Directors. The members of the NC are: -

| <u>Director</u> | <u>Position</u> |
|---|---|
| Ian Ghee Eik Kai (Chairman) <i>(appointed w.e.f. 12 August 2009)</i> | Independent Non-Executive Director |
| Dato' Lee Ah Chien @ Lee Ow Kim | Senior Independent Non-Executive Director |
| Wong Soo Thiam | Independent Non-Executive Director |

Mr Ian Ghee was appointed the Chairman of the NC on 12 August 2009 in place of Datuk Azizan Bin Abd Rahman, who has resigned from the Board w.e.f. 31 July 2009.

The NC met on 29 April 2010 after the close of the financial year 2009, at which the majority of members were present.

TERMS OF REFERENCE

1. Constitution

The Board has established a Committee of the Board to be known as the Nomination Committee.

2. Composition

- The Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise exclusively of Non-Executive Directors, majority of whom are independent. A quorum shall be two (2) members.
- The members of the Committee shall elect a Chairman from among their members.
- If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below two (2), the Board of Directors shall within three (3) months of that event, appoint such number of new member(s) as may be required to make up the minimum number.

3. Functions

The functions of the Committee shall be:-

- Proposing new nominees for appointment to the Board of Directors and reappointment of retiring Directors.
- Assessing Directors on an on-going basis, the effectiveness of the Board as a whole, the committees of the Board and the ability of each individual Director to contribute to the effective decision making of the Board.
- Recommend to the Board, Directors to fill the seats on other Board committees.
- Review annually the size of the Board and review the mix of skills and experience and other qualities of the Board members for the Board to function completely and effectively.
- Orientating and educating new Directors as to the nature of the business, current issues within the Company and the corporate strategies, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors.
- Consider and recommend the Directors for re-election at each AGM.

4. Reporting Procedures

- The actual decision as to who shall be appointed to the Board should be the responsibility of the full Board after considering the recommendations of the Committee.
- Reporting to the full Board from time to time its recommendations for consideration and implementation.

5. Activities of NC

The activities of the NC after the close of the financial year 2009 are as follows: -

- Reviewed the size and composition of the Board and assess the effectiveness and performance of the Board and Board committees, as well as individual Directors;
- Reviewed and proposed to the Board the appointment of Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman as additional Director of the Company;
- Reviewed and recommended to the Board the re-designation of Dato' Ng Kek Kiong as Executive Chairman of the Board and the appointment of Dato' Ng Kek Kiong as additional member to the RC of the Board; and
- Deliberated and determined which Directors would stand for re-election and re-appointment at the Company's 2010 AGM.

Remuneration Committee Report

MEMBERS OF REMUNERATION COMMITTEE

The Remuneration Committee ("RC" or "Committee") consists of three (3) members, mainly Independent Non-Executive Directors. The members of the RC are:-

| <u>Director</u> | <u>Position</u> |
|--|---|
| Dato' Lee Ah Chien @Lee Ow Kim (Chairman) | Senior Independent Non-Executive Director |
| Ian Ghee Eik Kai (appointed w.e.f. 12 August 2009) | Independent Non-Executive Director |
| Dato' Ng Kek Kiong (appointed w.e.f. 26 March 2010) | Executive Chairman |

Mr Ian Ghee was appointed a member of the RC on 12 August 2009 in place of Datuk Azizan Bin Abd Rahman, who has resigned from the Board w.e.f. 31 July 2009.

Dato' Ng Kek Kiong was appointed a member of the RC on 26 March 2010 in place of Dato' Tan Yik Huay, who has resigned from the Board w.e.f. 8 February 2010.

The RC met on 29 April 2010 after the close of the financial year 2009, at which all members were present.

TERMS OF REFERENCE

1. **Constitution**

The Board has established a Committee of the Board to be known as the Remuneration Committee.

2. **Composition**

- (a) The Committee shall be appointed by the Board from amongst its Directors of the Company which fulfils the following requirements:-
- The Committee shall compose not less than three (3) members.
 - The members of the Committee shall consist mainly of Non-Executive Directors.
- (b) The members of the Committee shall elect a Chairman from among their number who is not an Executive Director or employee of the Company or any related corporation.
- (c) If a member of the Committee resigns, dies or for any other reason ceases to be a member resulting in the number of members reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- (d) The Chairman of the Committee shall be entitled, where deemed appropriate, to invite any other person to a meeting of the Committee at which that person's expertise may be required having regard to the subject matter to be discussed.

3. **Objective**

Remuneration for a Director should be determined so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. The component parts of remuneration should be structured so as to link rewards to corporate and individual performance, in the case of Executive Directors and Senior Management staff.

4. **Meetings**

- (a) The Chairman of the Committee may request for a meeting as and when deemed necessary. A quorum shall be two (2) members.
- (b) Notice of a meeting may be given in writing or by any other means of communication.

5. **Functions**

The Remuneration Committee is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Director and Senior Management of the Group.

Remuneration Committee Report (Cont'd)

The functions of the Committee shall include:-

- (a) Recommend to the Board the framework of executive remuneration and its cost, and the remuneration package for each Executive Director and Senior Management, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies.
- (b) To reimburse reasonable expenses incurred by the Directors and Senior Management in the course of their duties.
- (c) To review and determine the bonus scheme for the Executive Directors and Senior Management depending on various performance measurements of the Group.
- (d) To review and determine other benefits in kind for the Executive Directors and Senior Management.
- (e) To review annually the Executive Directors' and Senior Management's service contracts (if any).

6. Reporting Procedures

- (a) The remuneration of Directors and Senior Management shall be the ultimate responsibility of the full Board after considering the recommendations of the Committee.
- (b) Executive Directors and Senior Management do not participate in discussion of their own remuneration.

7. Activities of RC

The RC met on 29 April 2010 after the close of the financial year 2009 to review and made recommendations on amongst others, the Service Contracts of the Executive Directors, performance bonus for Executive Directors for financial year 2009, salary adjustments of the Executive Chairman for financial year 2010 and the Directors' fees for financial year 2010.

Group Financial Highlights

GROUP FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2009

| | | | | |
|--------------------------|-------------------------------------|------------------------------------|-------------------------------------|---------------------------|
| Revenue RM109,266,343 | Loss Before Taxation RM1,168,731 | Loss After Taxation RM2,147,479 | Shareholders' Funds RM42,429,932 | Loss Per Share 4.2 sen |
|--------------------------|-------------------------------------|------------------------------------|-------------------------------------|---------------------------|

FIVE YEARS' FINANCIAL PERFORMANCE

| <u>Revenue</u> | RM |
|---------------------|-------------|
| Apr 2005 - Mar 2006 | 66,226,638 |
| Apr 2006 - Mar 2007 | 67,764,278 |
| Apr 2007 - Mar 2008 | 81,716,789 |
| Apr 2008 - Dec 2008 | 78,646,829 |
| Jan 2009 - Dec 2009 | 109,266,343 |

| <u>Profit/(Loss) Before Taxation</u> | RM |
|--------------------------------------|-------------|
| Apr 2005 - Mar 2006 | (620,906) |
| Apr 2006 - Mar 2007 | 14,250,335 |
| Apr 2007 - Mar 2008 | 4,549,531 |
| Apr 2008 - Dec 2008 | 663,090 |
| Jan 2009 - Dec 2009 | (1,168,731) |

| <u>Shareholders' Funds</u> | RM |
|----------------------------|------------|
| 31 Mar 2006 | 1,848,638 |
| 31 Mar 2007 | 15,541,624 |
| 31 Mar 2008 | 44,013,711 |
| 31 Dec 2008 | 44,760,089 |
| 31 Dec 2009 | 42,429,932 |

| <u>Earnings/(Loss) Per Share (Sen)</u> | SEN |
|--|-------|
| Apr 2005 - Mar 2006 | (2.3) |
| Apr 2006 - Mar 2007 | 26.0 |
| Apr 2007 - Mar 2008 | 7.5 |
| Apr 2008 - Dec 2008 | 0.9 |
| Jan 2009 - Dec 2009 | (4.2) |

Directors' Report

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2009

The Directors present their report and the audited financial statements of the Group and of the Company for the year ended 31st December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and providing management services. The principal activities of the subsidiary companies are disclosed in note 11 to the financial statements.

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

| | Group | Company |
|----------------------------------|--------------------|--------------------|
| FINANCIAL RESULTS | RM | RM |
| Loss for the year after taxation | 2,147,479 ===== | 2,449,985 ===== |

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial period. The Directors do not recommend any dividend for the current financial year ended 31st December 2009.

RESERVES AND PROVISIONS

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

ISSUED OF SHARES

During the year, no issue of shares was made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year.

DIRECTORS

The Directors who served since the date of the last report are:-

| | |
|--|-----------------------|
| DATO' LEE AH CHIEN @ LEE OW KIM | |
| DATO' NG KEK KIONG | |
| NG FUNG MO | |
| LIU XIUQING | |
| WONG SOO THIAM | |
| IAN GHEE EIK KAI | |
| TAN SRI DATO' (DR) ABDUL AZIZ BIN ABDUL RAHMAN | - Appointed : 26.3.10 |
| DATUK AZIZAN BIN ABD RAHMAN | - Resigned : 31.7.09 |
| DATO' TAN YIK HUAY | - Resigned : 8.2.10 |

Dato' Lee Ah Chien @ Lee Ow Kim and Wong Soo Thiam retire in accordance with Article 88 of the Company's Article of Association and will not seek for re-election at the forthcoming Annual General Meeting of the Company.

Tan Sri Dato' (Dr) Abdul Aziz bin Abdul Rahman retires pursuant to Article 95 of the Company's Articles of Association and Section 129 of the Companies Act, 1965 and seeks re-election and re-appointment as director to hold office until the next Annual General Meeting of the Company.

Directors' Report

DIRECTORS' INTEREST

The shareholdings in the Company of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134, are as follows:-

| | ----- Ordinary Shares of RM1 each ----- | | | As at 31.12.09 |
|--|---|--------|------|-------------------|
| | As at 1.1.09 | Bought | Sold | |
| Indirect Interest held through body Corporate | | | | |
| DATO' NG KEK KIONG | 13,621,225 | - | - | 13,621,225 |
| NG FUNG MO | 13,621,225 | - | - | 13,621,225 |

The other Directors did not hold shares in the Company as at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no Director has received or become entitled to receive any benefit (other than those benefits disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which the Director has a substantial financial interest other than any benefits which may be deemed to have arisen from the transactions entered into by the Company as mentioned in note 31 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

- a) Before the income statement and balance sheet of the Group and of the Company were made out, the Directors took reasonable steps :-
 - i) to ascertain that proper action has 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;
 - 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 have 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 Group and the Company inadequate to any substantial extent;
 - 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 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 or 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 in respect of the Group or of the Company which has arisen since the end of the financial year.

Directors' Report

- f) In the opinion of the Directors :-
- i) no contingent liability or other liabilities 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 or of the Company to meet their obligations when they fall due;
 - 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 EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in note 33 to the financial statements.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Events subsequent to the balance sheet date are disclosed in note 34 to the financial statements.

AUDITORS

The auditors, Messrs Tai, Yapp & Co., will not be seeking re-appointment at the forthcoming Annual General Meeting.

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

TAN SRI DATO' (DR) ABDUL AZIZ BIN ABDUL RAHMAN

DATO' NG KEK KIONG

Kuala Lumpur
Dated: 29th April 2010

Consolidated Income Statement • For The Year Ended 31st December 2009

| | | 2009 | Period ended |
|--|-------------|---------------------------|-----------------------|
| | Note | RM | 31.12.08 |
| | | | RM |
| Revenue | 6 | 109,266,343 | 78,646,829 |
| Cost of sales | | <u>(92,991,378)</u> | <u>(65,259,473)</u> |
| Gross profit | | 16,274,965 | 13,387,356 |
| Other income | | 828,341 | 452,960 |
| Distribution costs | | (1,305,462) | (1,013,174) |
| Administrative expenses | | (9,575,760) | (7,455,700) |
| Other expenses | | <u>(7,330,927)</u> | <u>(4,560,886)</u> |
| (Loss)/Profit from operations | | (1,108,843) | 810,556 |
| Finance costs | | <u>(59,888)</u> | <u>(147,466)</u> |
| (Loss)/Profit before taxation | 7 | (1,168,731) | 663,090 |
| Taxation | 8 | (978,748) | (214,854) |
| (Loss)/Profit after taxation | | <u><u>(2,147,479)</u></u> | <u><u>448,236</u></u> |
| (Loss)/Earnings per ordinary share (sen) - Basic | 9 | <u><u>(4.22)</u></u> | <u><u>0.88</u></u> |

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

Income Statement • For The Year Ended 31st December 2009

| | | 2009 | Period ended |
|-----------------------------|-------------|---------------------------|-------------------------|
| | Note | RM | 31.12.08 |
| | | | RM |
| Revenue | 6 | 415,502 | 1,943,735 |
| Other income | | 30,473 | 59,424 |
| Administrative expenses | | (1,224,930) | (1,674,234) |
| Other expenses | | <u>(1,693,830)</u> | <u>(625,839)</u> |
| Loss from operations | | (2,472,785) | (296,914) |
| Finance costs | | <u>—</u> | <u>—</u> |
| Loss before taxation | 7 | (2,472,785) | (296,914) |
| Taxation | 8 | 22,800 | 9,839 |
| Loss after taxation | | <u><u>(2,449,985)</u></u> | <u><u>(287,075)</u></u> |

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

Consolidated Balance Sheet • 31st December 2009

| | | | 2009 | Period ended 31.12.08 |
|---|------|--|-------------------|--------------------------|
| | Note | | RM | RM |
| NON CURRENT ASSETS | | | | |
| Property, plant and equipment | 10 | | 5,000,767 | 6,124,090 |
| Prepaid lease payments | 12 | | 243,728 | 266,027 |
| Investments | 13 | | 474,650 | 580,650 |
| Goodwill on consolidation | 14 | | 1,625,932 | 1,582,316 |
| | | | <u>7,345,077</u> | <u>8,553,083</u> |
| CURRENT ASSETS | | | | |
| Development properties | 15 | | 591,940 | - |
| Inventories | 16 | | 14,344,411 | 13,819,665 |
| Trade receivables | 17 | | 18,225,370 | 17,784,990 |
| Other receivables, deposits and prepayments | 18 | | 11,090,127 | 10,702,313 |
| Tax recoverable | | | 454,355 | 554,385 |
| Fixed deposits with licensed banks | 20 | | 7,049,961 | 5,793,242 |
| Cash and bank balances | | | 5,073,291 | 6,719,874 |
| | | | <u>56,829,455</u> | <u>55,374,469</u> |
| TOTAL ASSETS | | | <u>64,174,532</u> | <u>63,927,552</u> |
| EQUITY | | | | |
| Share capital | 21 | | 50,895,000 | 50,895,000 |
| Reserves | 22 | | (8,465,068) | (6,134,911) |
| Total equity | | | <u>42,429,932</u> | <u>44,760,089</u> |
| NON CURRENT LIABILITIES | | | | |
| Hire purchase payables | 23 | | - | 103,169 |
| Deferred taxation | 24 | | 43,000 | 49,197 |
| | | | <u>43,000</u> | <u>152,366</u> |
| CURRENT LIABILITIES | | | | |
| Trade payables | 25 | | 7,345,523 | 3,425,376 |
| Bills payable | 26 | | 80,179 | 3,090,560 |
| Other payables and accruals | 27 | | 14,198,256 | 12,475,985 |
| Hire purchase payables | 23 | | - | 23,176 |
| Taxation | | | 77,642 | - |
| | | | <u>21,701,600</u> | <u>19,015,097</u> |
| Total liabilities | | | <u>21,744,600</u> | <u>19,167,463</u> |
| TOTAL EQUITY AND LIABILITIES | | | <u>64,174,532</u> | <u>63,927,552</u> |

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

Balance Sheet • 31st December 2009

| | | 2009 | Period ended |
|---|-------------|--------------|---------------------|
| | Note | RM | 31.12.08 |
| | | RM | RM |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 10 | 141,325 | 245,185 |
| Investments in subsidiary companies | 11 | 21,723,790 | 21,493,788 |
| | | 21,865,115 | 21,738,973 |
| CURRENT ASSETS | | | |
| Other receivables, deposits and prepayments | 18 | 368,148 | 1,239,446 |
| Amount owing by subsidiary companies | 19 | 2,783,193 | 1,142,421 |
| Tax recoverable | | 39,637 | 39,637 |
| Fixed deposits with a licenced bank | 20 | - | 1,925,111 |
| Cash and bank balances | | 339,968 | 609,214 |
| | | 3,530,946 | 4,955,829 |
| TOTAL ASSETS | | 25,396,061 | 26,694,802 |
| EQUITY | | | |
| Share capital | 21 | 50,895,000 | 50,895,000 |
| Reserves | 22 | (27,200,373) | (24,750,388) |
| Total equity | | 23,694,627 | 26,144,612 |
| NON CURRENT LIABILITY | | | |
| Deferred taxation | 24 | - | 22,800 |
| CURRENT LIABILITIES | | | |
| Other payables and accruals | 27 | 374,667 | 527,390 |
| Amount owing to subsidiary companies | 19 | 1,326,767 | - |
| | | 1,701,434 | 527,390 |
| Total liabilities | | 1,701,434 | 550,190 |
| TOTAL EQUITY AND LIABILITIES | | 25,396,061 | 26,694,802 |

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

Consolidated Statement Of Changes In Equity

• For The Year Ended 31st December 2009

| | Share Capital RM | Non-Distributable Translation Adjustment Account RM | Distributable Accumulated Losses RM | Total Equity RM |
|--|------------------------|---|--|-----------------------|
| Balance at 1st April 2008 | 50,895,000 | (295,380) | (6,585,909) | 44,013,711 |
| Currency translation differences | - | 298,142 | - | 298,142 |
| Net profit not recognised in the income statement | - | 298,142 | - | 298,142 |
| Net profit for the period | - | - | 448,236 | 448,236 |
| Balance at 31st December 2008 | 50,895,000 | 2,762 | (6,137,673) | 44,760,089 |
| Currency translation differences | - | (182,678) | - | (182,678) |
| Net loss not recognised in the income statement | - | (182,678) | - | (182,678) |
| Net loss for the year | - | - | (2,147,479) | (2,147,479) |
| Balance at 31st December 2009 | 50,895,000 | (179,916) | (8,285,152) | 42,429,932 |

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

Statement Of Changes In Equity • For The Year Ended 31st December 2009

| | Non Distributable | Distributable | |
|-------------------------------|-------------------|-----------------------|-----------------|
| | Share Capital | Accumulated Losses | Total Equity |
| | RM | RM | RM |
| Balance at 1st April 2008 | 50,895,000 | (24,463,313) | 26,431,687 |
| Net loss for the period | - | (287,075) | (287,075) |
| Balance at 31st December 2008 | 50,895,000 | (24,750,388) | 26,144,612 |
| Net loss for the year | - | (2,449,985) | (2,449,985) |
| Balance at 31st December 2009 | 50,895,000 | (27,200,373) | 23,694,627 |

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

Consolidated Cash Flow Statement • For The Year Ended 31st December 2009

| | 2009 | Period ended |
|---|-------------|---------------------|
| | RM | 31.12.08 |
| | RM | RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Loss)/Profit before taxation | (1,168,731) | 663,090 |
| Adjustments for :- | | |
| Bad debts written off | 1,310,453 | 648,787 |
| Unrealised loss on foreign exchange | - | 163,983 |
| Impairment loss on investment | 11,000 | - |
| Investment written off | 95,000 | - |
| Property, plant and equipment written off | 863,588 | 77,609 |
| Inventories written off | 220,051 | 244,350 |
| Loss on disposal of property, plant and equipment | 3,257 | - |
| Depreciation of property, plant and equipment | 486,044 | 449,971 |
| Amortisation of short term leasehold land | 22,299 | 16,726 |
| Foreign exchange translation | (198,715) | 271,043 |
| Allowance for doubtful debts written back | (138,629) | (158,847) |
| Interest expense | 59,888 | 147,466 |
| Interest income | (164,824) | (173,708) |
| Specific allowance for doubtful debts | 434,421 | 233,770 |
| Operating profit before working capital changes | 1,835,102 | 2,584,240 |
| Increase in development properties | (591,940) | - |
| Increase in inventories | (744,797) | (485,832) |
| (Increase)/Decrease in receivables | (2,228,047) | 2,764,390 |
| Increase/(Decrease) in payables | 5,617,409 | (3,281,403) |
| Cash generated from operations | 3,887,727 | 1,581,395 |
| Interest paid | (59,888) | (147,466) |
| Interest received | 164,824 | 173,708 |
| Tax paid | (807,273) | (767,170) |
| Net cash provided by operating activities | 3,185,390 | 840,467 |

Consolidated Cash Flow Statement • For The Year Ended 31st December 2009

| | | 2009 | Period ended |
|--|-------------|-------------|---------------------|
| | Note | RM | 31.12.08 |
| | | | RM |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of subsidiary net of cash acquired (Placement)/Uplift of fixed deposits | 29 | (224,999) | - |
| Proceeds from disposal of property, plant and equipment | | (1,256,719) | 884,821 |
| Purchase of property, plant and equipment | | 5,000 | - |
| | | (218,529) | (289,909) |
| Net cash (used in)/provided by investing activities | | (1,695,247) | 594,912 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of hire purchase payables | | (126,345) | (16,770) |
| Decrease in bills payable | | (3,010,381) | (203,530) |
| Net cash used in financing activities | | (3,136,726) | (220,300) |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | (1,646,583) | 1,215,079 |
| CASH AND CASH EQUIVALENTS BROUGHT FORWARD | | 6,719,874 | 5,504,795 |
| CASH AND CASH EQUIVALENTS CARRIED FORWARD | | 5,073,291 | 6,719,874 |
| Note :- | | | |
| Cash and cash equivalents :- | | | |
| Cash and bank balances | | 5,073,291 | 6,719,874 |

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

Cash Flow Statement • For The Year Ended 31st December 2009

| | 2009 | Period ended |
|--|-------------|---------------------|
| | RM | 31.12.08 |
| | RM | RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (2,472,785) | (296,914) |
| Adjustments for :- | | |
| Allowance for doubtful debts written back | | |
| - related companies | - | (5,511) |
| - others | - | (150) |
| Bad debt written off | 1,090,000 | 150 |
| Loss on disposal of property, plant and equipment | 3,257 | - |
| Property, plant and equipment written off | 77,934 | 2,293 |
| Depreciation of property, plant and equipment | 31,579 | 26,714 |
| Interest income | (30,473) | (53,763) |
| Operating loss before working capital changes | (1,300,488) | (327,181) |
| Increase in receivables | (1,859,474) | (112,685) |
| Increase/(Decrease) in payables | 1,174,044 | (44,803) |
| Cash absorbed in operations | (1,985,918) | (484,669) |
| Tax paid | - | (141,660) |
| Interest received | 30,473 | 53,763 |
| Net cash used in operating activities | (1,955,445) | (572,566) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of subsidiaries company | (230,002) | - |
| Proceed from disposal of property, plant and equipment | 5,000 | - |
| Purchase of property, plant and equipment | (13,910) | (54,347) |
| Net cash used in investing activities | (238,912) | (54,347) |

Cash Flow Statement • For The Year Ended 31st December 2009

| | 2009 | Period ended 31.12.08 |
|---|-----------|--------------------------|
| | RM | RM |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Uplift of fixed deposit | 1,925,111 | 875,028 |
| Net cash provided by financing activities | 1,925,111 | 875,028 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (269,246) | 248,115 |
| CASH AND CASH EQUIVALENTS BROUGHT FORWARD | 609,214 | 361,099 |
| CASH AND CASH EQUIVALENTS CARRIED FORWARD | 339,968 | 609,214 |
| Note : | | |
| Cash and cash equivalents :- | | |
| Cash and bank balances | 339,968 | 609,214 |

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

Notes To The Financial Statements • 31st December 2009

1. GENERAL INFORMATION

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

The Company's registered office is at Suite 11.1A, Level 11, Menara Weld, 76, Jalan Raja Chulan, 50200 Kuala Lumpur.

The Company's principal place of business is at 33-2, Wisma Malaysia – Beijing, Jalan Maharajalela, 50150 Kuala Lumpur.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems, insurance programme and adherence to Group financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Group does not hold or issue derivative financial instruments for trading purposes.

2.1 Foreign Currency Risk

Foreign currency risk arises as the Group engages in transactions that are denominated in foreign currencies, mainly United States Dollar, Singapore Dollar, Renminbi, Hong Kong Dollar and Canada Dollar. In addition, the Group is exposed to foreign currency movements on its investments in foreign subsidiary companies.

2.2 Liquidity Risk

The liquidity risk of the Group is minimal as it maintains adequate working capital to meet its obligations as and when they fall due.

2.3 Interest Rate Risk

The Group's exposure to interest rate fluctuations are in respect of :

- a) fixed deposits with licensed banks that attracts interest income.
- b) hire purchase obligations of which the interest rate is fixed.
- c) bills payable of which the interest rates vary with reference to the base lending rates of the bank.

However, the fluctuation in interest rates, if any, is not expected to have a material impact on the financial performance of the Group.

2.4 Credit Risk

This involves the risk that counter parties may be unable to meet the terms of their agreements. The Group has no major concentration of credit risk and the Group manages these risks by monitoring credit evaluations and limiting the aggregate exposure to any counter party.

The Group places its cash and fixed deposits with creditworthy financial institutions.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represent the Group's exposure to credit risk.

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

3.1 Statement of Compliance

The financial statements of the Company have been approved by the Board of Directors for issuance on 29th April 2010.

The financial statements of the Company have been prepared in accordance with applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

Notes To The Financial Statements • 31st December 2009

2. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs

At the date of authorisation of these financial statements, the following FRSs, amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group :

| Revised FRS, Amendments to FRS and Interpretations | Effective for financial period beginning on or after |
|--|--|
| FRS 4 : Insurance Contracts | 1st January 2010 |
| FRS 7 : Financial Instruments : Disclosures | 1st January 2010 |
| - Amendments to FRS 139 Financial Instruments : Recognition and Measurement, FRS 7 Financial Instruments : Disclosure and IC Interpretation 9 Reassessment of Embedded Derivatives | 1st January 2011 |
| - Improving Disclosures about Financial Instruments (Amendments to FRS 7) | 1st January 2011 |
| FRS 8 : Operating Segment | 1st July 2009 |
| FRS 123 : Borrowing Costs | 1st January 2010 |
| FRS 139 : Financial Instruments : Recognition and Measurement | 1st January 2010 |
| IC Interpretation 9 : Reassessment of Embedded Derivatives | 1st January 2010 |
| IC Interpretation 10 : Interim Financial Reporting and Impairment | 1st January 2010 |
| IC Interpretation 11 : FRS 2 – Group and Treasury Share Transaction | 1st January 2010 |
| IC Interpretation 12 : Service Concession Arrangements | 1st July 2010 |
| IC Interpretation 13 : Customer Loyalty Programmes | 1st January 2010 |
| IC Interpretation 14 : FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | 1st January 2010 |
| IC Interpretation 15 : Agreements for the Construction of Real Estate | 1st July 2010 |
| IC Interpretation 16 : Hedges of a Net Investment in a Foreign Operation | 1st July 2010 |
| IC Interpretation 17 : Distributions of Non-cash Assets to Owners | 1st July 2010 |
| Amendment to FRS 1 - First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements : cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate | 1st January 2010 |
| - First-time Adoption of Financial Reporting Standards | 1st July 2010 |
| - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1) | 1st January 2011 |
| Amendment to FRS 2 - Share-based Payment – Vesting Conditions and Cancellations | 1st January 2010 |
| Amendment to FRS 3 - Business Combinations | 1st July 2010 |
| Amendment to FRS 5 - Non-current Assets Held for Sale and Discontinued Operations | 1st January 2010 |
| Amendment to FRS 8 - Operating Segment | 1st January 2010 |
| Amendment to FRS 107 - Cash Flow Statements | 1st January 2010 |
| Amendment to FRS 108 - Accounting Policies, Changes in Accounting Estimates and Errors | 1st January 2010 |
| Amendment to FRS 110 - Events After the Balance Sheet Date | 1st January 2010 |
| Amendment to FRS 116 - Property, Plant and Equipment | 1st January 2010 |
| Amendment to FRS 117 - Leases | 1st January 2010 |
| Amendment to FRS 118 - Revenue | 1st January 2010 |
| Amendment to FRS 119 - Employee Benefits | 1st January 2010 |
| Amendment to FRS 120 - Accounting for Government Grants and Disclosure of Government Assistance | 1st January 2010 |

Notes To The Financial Statements • 31st December 2009

| Revised FRS, Amendments to FRS and Interpretations | Effective for financial period beginning on or after |
|--|--|
| Amendment to FRS 123 - Borrowing Costs | 1st January 2010 |
| Amendment to FRS 127 - Consolidated and Separate Financial Statements | 1st January 2010 |
| Amendment to FRS 128 - Investments in Associates | 1st January 2010 |
| Amendment to FRS 129 - Financial Reporting in Hyperinflationary Economies | 1st January 2010 |
| Amendment to FRS 131 - Interests in Joint Ventures | 1st January 2010 |
| Amendment to FRS 132 - Financial Instruments : Disclosure and Presentation | 1st January 2010 |
| Amendment to FRS 134 - Interim Financial Reporting | 1st January 2010 |
| Amendment to FRS 136 - Impairment of Assets | 1st January 2010 |
| Amendment to FRS 138 - Intangible Assets | 1st January 2010 |
| Amendment to FRS 139 - Financial Instruments : Recognition and Measurement | 1st January 2010 |
| Amendment to FRS 140 - Investment Property | 1st January 2010 |

With the exception of FRS 7, FRS 8 and FRS 139, the adoption of the above new and revised FRSs, amendments to FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon initial application. The Group and the Company have applied the transitional provisions in FRS 7, FRS 8, and FRS 139 which exempt entities from disclosing the possible impact arising from initial application of the respective standards on the financial statements of the Group and the Company.

3.2 Basis of Measurement

The financial statements of the Group have been prepared under the historical cost convention and other measurement basis otherwise indicated in the respective accounting policies as set out below.

3.3 Functional and Presentation Currency

The financial statements of the Group are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

3.4 Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

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 :

(a) Deferred Tax Assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance together with future tax planning strategies.

(b) Useful lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition to the estimation of the useful lives of property, plant and equipment are based on internal evaluation and experience with similar assets. It is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimates useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

Notes To The Financial Statements • 31st December 2009

(c) Impairment of goodwill

The Group determines whether goodwill are impaired at least on an annual basis. This required an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at balance sheet date is disclosed in Note 14.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Share Capital

Incremental costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

4.2 Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

4.3 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year using the purchase method of accounting.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the aggregate of fair values of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination.

The difference between the acquisition price and the fair values of the subsidiary companies' net assets acquired is reflected as goodwill or negative goodwill. Goodwill is stated at cost less accumulated impairment losses. It is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Negative goodwill is recognised immediately in the income statement.

Where more than one exchange transaction is involved, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair values of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will :

- (a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and
- (b) recognise immediately in profit or loss any excess remaining after that reassessment.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated income statement.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

Minority interest represent that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, 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 that date.

Notes To The Financial Statements • 31st December 2009

4.4 Subsidiary Companies

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

4.5 Investments

Investments in unquoted shares and transferable Club Memberships which are held as long term investments are stated at cost less impairment losses, if any.

4.6 Property, Plant and Equipment

Freehold land is stated at cost less impairment losses, if any and is not depreciated. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Subsequent costs are included in the assets 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. The costs of the day to day servicing of property, plant and equipment are recognised in the income statement as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is calculated to write off the cost of other property, plant and equipment on a straight-line basis over the estimated useful lives of the assets concerned. The principal annual depreciation rates used for this purpose are as follows :-

| | % |
|--|---------|
| Buildings | 2 |
| Furniture, fixtures, fittings and office equipment | 10 – 20 |
| Plant and equipment | 10 – 20 |
| Vehicles | 20 |
| Store equipment | 10 |

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

4.7 Income Taxes

Income taxes comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences : the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

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

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Notes To The Financial Statements • 31st December 2009

4.8 Impairment of Assets

The carrying amount of the Group's and Company's assets other than inventories, assets arising from construction contracts, deferred tax asset and financial assets (other than investment in subsidiaries, associates and joint ventures) are reviewed for impairment where there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts and the impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset.

The impairment loss is charged to the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation surplus account to the extent of the surplus credited from the previous revaluation for the same assets with the excess of the impairment loss charged to the income statement. Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the assets that would have been determined had no impairment loss been recognised. The reversal is recognised in the income statement immediately except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation surplus account of the same asset.

The impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

4.9 Foreign Currencies Conversion

4.9.1 Transactions in Foreign Currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates ruling at the time of transactions or at contracted rates where applicable. Foreign currency assets and liabilities are converted at the exchange rates ruling at the balance sheet date. All exchange differences are dealt with in the income statement.

4.9.2 Translation of Foreign Currency Financial Statements

Assets and liabilities of foreign subsidiary companies are translated into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date and the results of foreign subsidiary companies are translated at the average rate of exchange for the year. Exchange differences arising from the retranslation of the opening net investments in foreign subsidiary companies and from the translation of the results of those subsidiary companies at the average rate are dealt with through the Translation Adjustment Account.

The exchange rates ruling at balance sheet date used for each unit of foreign currencies to Ringgit Malaysia are as follows :-

| | Average Rate | | Year/Period End | |
|------------------------|--------------|-----------------------|-----------------|-----------------------|
| | 2009 | Period ended 31.12.08 | 2009 | Period ended 31.12.08 |
| 1 United States Dollar | 3.52 | 3.45 | 3.42 | 3.65 |
| 1 Singapore Dollar | 2.42 | 2.38 | 2.43 | 2.40 |
| 1 Canadian Dollar | 3.10 | 3.10 | 3.23 | 2.84 |
| 1 Hongkong Dollar | 0.45 | 0.43 | 0.44 | 0.44 |
| 1 Renminbi | 0.52 | 0.49 | 0.50 | 0.51 |

4.10 Inventories

Inventories are stated at the lower of cost and net realisable value after due allowances are made for damaged, obsolete and slow moving items. Cost is principally determined on weighted average basis.

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

The cost of raw materials includes the original purchase price and the incidental expense incurred in bringing the inventories to their present location and condition. The cost of work in progress and finished goods include the cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

Notes To The Financial Statements • 31st December 2009

4.11 Receivables

Receivables are carried at anticipated realisable value. Known bad debts are written off and due allowances are made for any debts considered to be doubtful of collection.

4.12 Intangible Assets

4.12.1 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill represents the 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 of the acquiree.

Goodwill is measured at cost and is no longer amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment.

4.12.2 Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed off in the income statement in the year it is incurred.

However, if future economic benefit from development activities are probable and measurable, the related development cost is capitalised and tested for impairment annually or more frequently if events and circumstances indicate that it might be impaired.

4.13 Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental 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 buildings elements of a lease of land and buildings are considered separately for the purposes of leases classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as held under a finance lease; and

Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance Leases

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 date 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 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 assets acquired, are recognised in the income statement over the term of the relevant lease so as to produce a constant periodical 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 4.6.

(iii) Operating Leases

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.

Notes To The Financial Statements • 31st December 2009

In the case of a lease of land, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land elements in proportion to the relative fair values for leasehold interests in the land 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.

4.14 Revenue Recognition

Revenue of the Group and of the Company are recognised on the following basis :

- 4.14.1 Revenue from sale of goods are recognised upon the delivery of goods and customer's acceptance.
- 4.14.2 Revenue from services are recognised upon the services rendered.
- 4.14.3 Interest income, rental income, administrative services and management fees are recognised on accrual basis.
- 4.14.4 Revenue from handling commission is recognised upon the completion of services.

4.15 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances and highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

4.16 Segment Information

Segment information is presented in respect of the Group's business and geographical segments. The primary segment information is in respect of business segments as the Group risk and rates of return are affected predominantly by differences in the products it produces, while the secondary information is reported geographically.

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

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

4.17 Provision for Liabilities

Provision for liabilities are recognised when the Group has present obligations 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, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

4.18 Land held for Property Development

Land held for property development consist of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses, if any.

Land held for property development is reclassified as development properties under current assets at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle.

4.19 Development Properties

Development properties comprise the cost of land under development together with development expenditure plus attributable profits accrued to properties sold at their relevant stage of completion less progress billings and foreseeable losses, if any.

Development expenditure comprises construction costs and other related development costs attributable to the property development activities in general including administrative overheads and borrowing costs.

When the outcome of a development activity can be estimated reliably, property development revenue and expenses are recognised in the income statement by reference to the stage of completion of development activity at the balance sheet date.

Notes To The Financial Statements • 31st December 2009

When the outcome of a development activity cannot be reliably estimated, the property development revenue shall be recognised only to the extent of property development costs incurred that is probable to be recoverable and property development costs on the development units sold are recognised as expenses in which they are incurred.

When the estimated future revenue realisable are lower than the carrying value of a development project, a provision for the difference is made to reduce the carrying value of the development properties. Any expected loss on a development project is recognised as an expense immediately.

4.20 Employee Benefit Costs

Short term benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and paid sick leave are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

Short term accumulating compensated absences such as paid annual leaves 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 leaves are recognised when the absences occur.

Defined contribution plan

Contributions to the Employees' Provident Fund are charged to the income statement in the year to which they relate.

4.21 Equity Instruments

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

4.22 Financial Instruments

4.22.1 Financial instruments recognised on the balance sheet

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

The accounting policies for financial instruments are disclosed in the individual policies associated with each item.

4.22.2 Disclosure of fair values

The Group's financial instruments are accounted for under the historical cost convention. Fair value represents the amount at which an asset could be exchanged, or a liability settled, between willing parties in an arm's length transaction.

Methodologies

The methodologies and assumptions used in ascertaining the fair values depend on the terms and risk characteristics of the instruments and are briefly set out below.

Amounts owing by/(to) subsidiary companies

It is not practical to estimate the fair values of the above amounts due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs.

Other financial assets and liabilities

The fair values of the other financial assets and liabilities maturing within twelve months are stated at approximately the carrying value as at the balance sheet date.

5. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and providing management services. The principal activities of the subsidiary companies are disclosed in note 11 to the financial statements.

Notes To The Financial Statements • 31st December 2009

6. REVENUE

Group

Revenue represents invoiced value of goods sold less returns and contract manufacturing services rendered.

| | Group | | Company | |
|---------------------------------|-------------|-----------------------|---------|-----------------------|
| | 2009 | Period ended 31.12.08 | 2009 | Period ended 31.12.08 |
| These represent : | RM | RM | RM | RM |
| Management services | - | - | 48,632 | 1,943,735 |
| Sales of goods | 109,160,022 | 77,784,772 | - | - |
| Contract manufacturing services | 106,321 | 60,566 | - | - |
| Handling commission | - | 801,491 | - | - |
| Administrative services | - | - | 366,870 | - |
| | ----- | ----- | ----- | ----- |
| | 109,266,343 | 78,646,829 | 415,502 | 1,943,735 |
| | ===== | ===== | ===== | ===== |

7. (LOSS)/PROFIT BEFORE TAXATION

| | Group | | Company | |
|---|-----------|-----------------------|-----------|-----------------------|
| | 2009 | Period ended 31.12.08 | 2009 | Period ended 31.12.08 |
| This is stated after charging :- | RM | RM | RM | RM |
| Director's allowance | 2,500 | - | - | - |
| Directors' fees | 171,697 | 104,976 | 128,186 | 87,145 |
| Directors' remuneration | 2,560,138 | 2,405,041 | 406,120 | 927,840 |
| Auditors' remuneration | | | | |
| - current year | 120,501 | 106,405 | 20,000 | 20,000 |
| - (over)/underprovision in prior year | (550) | 12,800 | - | 10,000 |
| Depreciation of property, plant and equipment | 482,513 | 429,341 | 31,579 | 26,714 |
| Amortisation of short term leasehold land | 22,299 | 16,726 | - | - |
| Property, plant and equipment written off | 863,588 | 77,609 | 77,934 | 2,293 |
| Interest expense on : | | | | |
| - Hire purchase | 3,365 | 4,847 | - | - |
| - Bills payable | 51,988 | 136,361 | - | - |
| - Others | 4,535 | 6,258 | - | - |
| Loss on foreign exchange | | | | |
| - realised | 3,746 | 1,723 | - | 463 |
| - unrealised | - | 163,983 | - | - |
| Bad debts written off | 1,310,453 | 648,787 | 1,090,000 | 150 |
| Loss on disposal of property, plant and equipment | 3,257 | - | 3,257 | - |

Notes To The Financial Statements • 31st December 2009

| | Group | | Company | |
|---|-----------|--------------------------|----------|--------------------------|
| | 2009 | Period ended 31.12.08 | 2009 | Period ended 31.12.08 |
| | RM | RM | RM | RM |
| Impairment loss on investment | 11,000 | - | - | - |
| Specific allowance for doubtful debts | 434,421 | 233,770 | - | - |
| Rental of premises | 190,563 | 206,260 | 52,553 | 56,138 |
| Research and development expenditure | | | | |
| - depreciation of property, plant and equipment | 3,531 | 20,630 | - | - |
| - direct attributable costs | 25,000 | - | - | - |
| Management fee | 5,634 | 4,226 | - | 1,409 |
| Inventories written off | 220,051 | 244,350 | - | - |
| Rental of motor vehicle | 39,992 | - | - | - |
| Investment written off | 95,000 | - | - | - |
| Staff costs | 8,125,010 | 5,774,459 | 529,754 | 560,044 |
| | ===== | ===== | ===== | ===== |
| And crediting:- | | | | |
| Allowance for doubtful debts written back | 138,629 | 158,847 | - | 5,661 |
| Interest income | 164,824 | 173,708 | 30,473 | 53,763 |
| Rental income | 39,992 | - | - | - |
| Realised gain on foreign exchange | 463,089 | 95,031 | - | - |
| | ===== | ===== | ===== | ===== |
| Staff costs | | | | |
| Salaries and wages | 5,328,462 | 3,745,835 | 497,682 | 441,361 |
| Contributions to defined contribution plan | 635,380 | 457,768 | 60,812 | 52,981 |
| Social security contribution | 47,750 | 36,973 | 2,560 | 2,103 |
| Other benefits | 2,113,418 | 1,533,883 | (31,300) | 63,599 |
| | ----- | ----- | ----- | ----- |
| | 8,125,010 | 5,774,459 | 529,754 | 560,044 |
| | ===== | ===== | ===== | ===== |

Notes To The Financial Statements • 31st December 2009

| | Group | | Company | |
|--------------------------------|-----------|--------------------------|---------|--------------------------|
| | 2009 | Period ended 31.12.08 | 2009 | Period ended 31.12.08 |
| | RM | RM | RM | RM |
| DIRECTORS' REMUNERATION | | | | |
| Executive | | | | |
| Salaries and other emoluments | 2,258,484 | 2,135,425 | 379,000 | 840,000 |
| Pension costs | | | | |
| - defined contribution plans | 301,654 | 269,616 | 27,120 | 87,840 |
| | ===== | ===== | ===== | ===== |
| | 2,560,138 | 2,405,041 | 406,120 | 927,840 |
| | ===== | ===== | ===== | ===== |
| Non-Executive | | | | |
| Fees | 171,697 | 104,976 | 128,186 | 87,145 |
| | ===== | ===== | ===== | ===== |

The Directors' remuneration during the financial year ended 31st December 2009 fall within the following bands :-

| Range of remuneration RM | No. of Executive Directors | No. of Non-Executive Directors |
|-----------------------------|----------------------------------|--------------------------------------|
| Below 50,000 | - | 6 |
| 50,001 and 100,000 | 2 | - |
| 100,001 and 150,000 | 2 | - |
| 150,001 and 200,000 | 1 | - |
| 200,001 and 250,000 | 1 | - |
| 250,001 and 300,000 | 1 | - |
| 300,001 and 350,000 | - | - |
| 350,001 and 400,000 | - | - |
| 400,001 and 450,000 | 2 | - |
| Above 450,001 | 1 | - |
| | ----- | ----- |
| Total | 10 | 6 |
| | ===== | ===== |

Notes To The Financial Statements • 31st December 2009

8. TAXATION

| | Group | | Company | |
|--|----------------|-----------------------------------|-----------------|-----------------------------------|
| | 2009 RM | Period ended 31.12.08 RM | 2009 RM | Period ended 31.12.08 RM |
| Based on the results for the year/periods:- | | | | |
| Current Tax | | | | |
| Malaysian Income Tax | 985,195 | 450,619 | - | - |
| Deferred taxation | | | | |
| Relating to (reversal)/ originating of temporary differences (note 24) | (6,197) | (27,717) | (22,800) | 8,500 |
| | ----- | ----- | ----- | ----- |
| | 978,998 | 422,902 | (22,800) | 8,500 |
| Overprovision in prior years | | | | |
| Malaysian Income Tax | (250) | (208,048) | - | (18,339) |
| | ----- | ----- | ----- | ----- |
| Tax expense/(income) for the year/period | 978,748 | 214,854 | (22,800) | (9,839) |
| | ===== | ===== | ===== | ===== |

Reconciliation between tax expense/(income) and the product of accounting (loss)/profit multiplied by the applicable tax rate :-

| | Group | | Company | |
|--|--------------------|-----------------------------------|--------------------|-----------------------------------|
| | 2009 RM | Period ended 31.12.08 RM | 2009 RM | Period ended 31.12.08 RM |
| (Loss)/Profit before taxation | (1,168,731) | 663,090 | (2,472,785) | (296,914) |
| | ===== | ===== | ===== | ===== |
| Tax at Malaysian statutory tax rate of 25% (2008 : 25%) | (292,183) | 165,773 | (618,196) | (74,229) |
| Effect of different tax rates in other countries | 5,470 | (25,874) | - | - |
| Income not subject to tax | (13,737) | (88,061) | (1,415) | (1,378) |
| Non allowable expenses | 1,810,337 | 511,220 | 596,811 | 84,107 |
| Utilisation of prior years capital allowances and tax losses | (530,889) | (140,156) | - | - |
| | ----- | ----- | ----- | ----- |
| Overprovision in prior years | (250) | (208,048) | - | (18,339) |
| | ----- | ----- | ----- | ----- |
| Tax expense/(income) for the year/period | 978,748 | 214,854 | (22,800) | (9,839) |
| | ===== | ===== | ===== | ===== |

Notes To The Financial Statements • 31st December 2009

Based on the estimated tax credit available, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends of approximately RM5,701,000 (2008 : RM4,993,000) out of its future profit without incurring additional tax liability.

The Malaysian Budget 2008 introduced a single tier dividend system with effect from year of assessment 2008. As such, the Company is given an irrevocable option to disregard the balance of dividend franking credit that is available in order to switch to the new single tier system from the year of assessment 2008. Upon such election, the Company will only be allowed to distribute single tier exempt dividend (without tax credit attached) to shareholders and the recipient of the dividend will not be able to claim tax credit as in the previous imputation system. As at the end of the financial year, the Company has not elected to switch to the single tier tax system.

The Group and the Company have potential deferred tax assets not taken up in the financial statements under the liability method in respect of the following deductible temporary differences :

| | Group | | Company | |
|-----------------------------|--------------|--------------------------|-------------|--------------------------|
| | 2009 | Period ended 31.12.08 | 2009 | Period ended 31.12.08 |
| | RM | RM | RM | RM |
| Unabsorbed tax losses | (15,564,915) | (12,690,100) | (1,157,900) | - |
| Other temporary differences | 303,190 | (683,110) | 24,400 | - |
| | ----- | ----- | ----- | ----- |
| | (15,261,725) | (13,373,210) | (1,133,500) | - |
| | ===== | ===== | ===== | ===== |

The above deferred tax assets are available indefinitely for offset against future taxable profit of the Company and subsidiary companies 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 future taxable profit of the Company and other subsidiary companies in the Group and they have arisen in the Company and some of the subsidiary companies that have a recent history of losses.

9. (LOSS)/EARNINGS PER ORDINARY SHARE

Basic (loss)/earnings per ordinary share :-

The basic (loss)/earnings per ordinary share for the financial year/period has been calculated based on the consolidated (loss)/profit after tax divided by the weighted average number of ordinary shares in issue during the financial year/period.

| | 2009 RM | Period ended 31.12.08 RM |
|--|-------------|--------------------------------|
| Consolidated (loss)/profit after tax | (2,147,479) | 448,236 |
| | ===== | ===== |
| Weighted average number of ordinary shares in issue | 50,895,000 | 50,895,000 |
| | ===== | ===== |
| Basic (loss)/earnings per ordinary share (sen) | (4.22) | 0.88 |
| | ===== | ===== |

Notes To The Financial Statements • 31st December 2009

10. PROPERTY, PLANT AND EQUIPMENT

| Group | As at 1.1.09 | Translation Adjustments | Additions | (Disposal) | (Written off) | As at 31.12.09 |
|--|-----------------|----------------------------|------------------------|------------|------------------|-------------------|
| Cost | RM | RM | RM | RM | RM | RM |
| Freehold land | 442,532 | 4,801 | - | - | (55,340) | 391,993 |
| Freehold building | 209,428 | 2,066 | - | - | (71,983) | 139,511 |
| Short term leasehold building | 5,469,625 | - | - | - | - | 5,469,625 |
| Furniture, fixtures, fittings and office equipment | 3,241,575 | 11,294 | 58,425 | (9,909) | (1,194,657) | 2,106,728 |
| Plant and equipment | 8,757,113 | 2,649 | 160,104 | - | (379,990) | 8,539,876 |
| Vehicles | 390,418 | - | - | - | - | 390,418 |
| Store equipment | 10,490 | - | - | - | - | 10,490 |
| | 18,521,181 | 20,810 | 218,529 | (9,909) | (1,701,970) | 17,048,641 |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| | As at 1.1.09 | Translation Adjustments | Depreciation charge | (Disposal) | (Written off) | As at 31.12.09 |
| Accumulated Depreciation | RM | RM | RM | RM | RM | RM |
| Freehold land | - | - | - | - | - | - |
| Freehold building | 82,641 | 934 | 4,858 | - | (7,600) | 80,833 |
| Short term leasehold building | 1,892,586 | - | 109,397 | - | - | 2,001,983 |
| Furniture, fixtures, fittings and office equipment | 2,129,105 | 1,883 | 179,595 | (1,652) | (653,025) | 1,655,906 |
| Plant and equipment | 8,109,221 | 1,956 | 148,545 | - | (177,757) | 8,081,965 |
| Vehicles | 180,147 | - | 42,600 | - | - | 222,747 |
| Store equipment | 3,391 | - | 1,049 | - | - | 4,440 |
| | 12,397,091 | 4,773 | 486,044 | (1,652) | (838,382) | 12,047,874 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

Notes To The Financial Statements • 31st December 2009

| | Net Book Value | | Depreciation Charge | |
|---|----------------|--------------------------|---------------------|--------------------------|
| | 2009 | Period ended 31.12.08 | 2009 | Period ended 31.12.08 |
| | RM | RM | RM | RM |
| Freehold land | 391,993 | 442,532 | - | - |
| Freehold building | 58,678 | 126,787 | 4,858 | 3,948 |
| Short term leasehold building | 3,467,642 | 3,577,039 | 109,397 | 82,044 |
| Furniture, fixtures, fittings and office equipment | 450,822 | 1,112,470 | 179,595 | 203,153 |
| Plant and equipment | 457,911 | 647,892 | 148,545 | 128,089 |
| Vehicles | 167,671 | 210,271 | 42,600 | 31,950 |
| Store equipment | 6,050 | 7,099 | 1,049 | 787 |
| | ----- | ----- | ----- | ----- |
| | 5,000,767 | 6,124,090 | 486,044 | 449,971 |
| | ===== | ===== | ===== | ===== |

Company

| Cost | As at 1.1.09 | Additions | (Disposal) | (Written off) | As at 31.12.09 |
|--------------------------------|-----------------|------------------------|------------|------------------|-------------------|
| | RM | RM | RM | RM | RM |
| Furniture and office equipment | 207,404 | 5,100 | (9,909) | (17,880) | 184,715 |
| Electrical installation | 17,792 | 3,800 | - | (17,792) | 3,800 |
| Renovation | 57,653 | 5,010 | - | (57,653) | 5,010 |
| | ----- | ----- | ----- | ----- | ----- |
| | 282,849 | 13,910 | (9,909) | (93,325) | 193,525 |
| | ===== | ===== | ===== | ===== | ===== |
| Accumulated Depreciation | As at 1.1.09 | Depreciation Charge | (Disposal) | (Written off) | As at 31.12.09 |
| | RM | RM | RM | RM | RM |
| Furniture and office equipment | 28,993 | 27,293 | (1,652) | (2,947) | 51,687 |
| Electrical installation | 2,075 | 1,111 | - | (2,965) | 221 |
| Renovation | 6,596 | 3,175 | - | (9,479) | 292 |
| | ----- | ----- | ----- | ----- | ----- |
| | 37,664 | 31,579 | (1,652) | (15,391) | 52,200 |
| | ===== | ===== | ===== | ===== | ===== |

| | Net Book Value | | Depreciation Charge | |
|--------------------------------|----------------|--------------------------|---------------------|--------------------------|
| | 2009 | Period ended 31.12.08 | 2009 | Period ended 31.12.08 |
| | RM | RM | RM | RM |
| Furniture and office equipment | 133,028 | 178,411 | 27,293 | 21,056 |
| Electrical installation | 3,579 | 15,717 | 1,111 | 1,334 |
| Renovation | 4,718 | 51,057 | 3,175 | 4,324 |
| | ----- | ----- | ----- | ----- |
| | 141,325 | 245,185 | 31,579 | 26,714 |
| | ===== | ===== | ===== | ===== |

Notes To The Financial Statements • 31st December 2009

11. INVESTMENTS IN SUBSIDIARY COMPANIES

| | Company | |
|--|--------------|--------------------------|
| | 2009 | Period ended 31.12.08 |
| | RM | RM |
| Unquoted shares, at cost | 34,697,810 | 34,467,808 |
| Less : | | |
| Dividends paid out of pre-acquisition reserves | (1,730,141) | (1,730,141) |
| Impairment loss in value | (11,243,879) | (11,243,879) |
| | 21,723,790 | 21,493,788 |
| | 21,723,790 | 21,493,788 |

The subsidiary companies are :-

| Name Direct Subsidiary | Place of Incorporation | Effective Interest | | Principal activities |
|---|---------------------------|--------------------|----------------------------------|--|
| | | 2009 % | Period Ended 31.12.08 % | |
| Tenco Industries Sdn Bhd | Malaysia | 100 | 100 | Sales and marketing of hardware related products |
| Wilron Products Sdn Bhd | Malaysia | 100 | 100 | Manufacturing of industrial adhesives, industrial chemicals, aerosol products and decorative paints |
| Ferndale Direct Sdn Bhd | Malaysia | 100 | 100 | Sales and marketing of air conditioning and refrigeration parts and supplies |
| Tenco Construction Sdn Bhd | Malaysia | 100 | 100 | Inactive |
| *Tenco Westech Industries Pte Ltd | Republic of Singapore | 100 | 100 | Sales and marketing of industrial chemicals, industrial adhesives, equipment, building products and aerosol products |
| Ridgemonde Chemicals & Resins Sdn Bhd | Malaysia | 100 | 100 | Polymerisation of synthetic latex for the paint, adhesive, wood and textile industries |
| Quality Coatings Sdn Bhd | Malaysia | 100 | 100 | Inactive |
| Iso Kimia (M) Sdn Bhd | Malaysia | 100 | 100 | Inactive |

Notes To The Financial Statements • 31st December 2009

| Name Direct Subsidiary | Place of Incorporation | Effective Interest | | Principal activities |
|---|---------------------------|--------------------|----------------------------------|--|
| | | 2009 % | Period Ended 31.12.08 % | |
| Westech Chemicals Sdn Bhd | Malaysia | 100 | 100 | Sales and marketing of fluorochemicals |
| Vivaplus Paints Sdn Bhd | Malaysia | 100 | 100 | Inactive |
| Continental Series Sdn Bhd | Malaysia | 100 | 100 | Provision of management services |
| Nagamas Aviation Services Sdn Bhd | Malaysia | 100 | 100 | Provision of management services for air cargo transportation business operations |
| *Nagamas Enterprise (HK) Ltd | Hong Kong | 100 | 100 | Agency of air cargo transportation |
| * Nagamas International (HK) Ltd | Hong Kong | 100 | 100 | Property development and provision of marketing services |
| Mas-Be Travel Services Sdn Bhd | Malaysia | 100 | - | Tour and travel agency |
| Nagamas Land Development Sdn Bhd | Malaysia | 100 | - | Property development |
| Subsidiary company held through Tenco Westech Industries Pte Ltd | | | | |
| *Tenco Westech Industries Incorporated | Canada | 100 | 100 | Sales and marketing of synthetic resins and industrial adhesive |

Note :

* Audited by other firm of Chartered Accountants.

Notes To The Financial Statements • 31st December 2009

12. PREPAID LEASE PAYMENTS

| | 2009 RM | Group Period ended 31.12.08 RM |
|-------------------------------------|------------|---|
| At 1st January/April | 266,027 | 282,753 |
| Amortisation during the year/period | (22,299) | (16,726) |
| | ----- | ----- |
| At 31st December | 243,728 | 266,027 |
| | ===== | ===== |
| Analysed as : | | |
| Short term leasehold land | 243,728 | 266,027 |
| | ===== | ===== |

The issuance of title deeds of the short term leasehold land of a subsidiary company is pending.

As per the transitional provision of FRS 117, the book value of prepaid land lease payments has been used as surrogate cost.

13. INVESTMENTS

| | 2009 RM | Group Period ended 31.12.08 RM |
|--|------------|---|
| Outside Malaysia | | |
| Unquoted shares, at cost | 439,650 | 439,650 |
| In Malaysia | | |
| Transferable club memberships, at cost | | |
| At 1st January/April | 141,000 | 141,000 |
| Less : Impairment loss | (11,000) | - |
| Investment written off | (95,000) | - |
| | ----- | ----- |
| At 31st December | 35,000 | 141,000 |
| | ----- | ----- |
| | 474,650 | 580,650 |
| | ===== | ===== |
| Transferable club memberships, at market value | 35,000 | 150,000 |
| | ===== | ===== |

Notes To The Financial Statements • 31st December 2009

14. GOODWILL ON CONSOLIDATION

| | Group | |
|--------------------------|------------|--------------------------------|
| | 2009 RM | Period ended 31.12.08 RM |
| Cost | | |
| At 1st January/April | 2,083,206 | 2,083,206 |
| Addition | 43,616 | - |
| At 31st December | 2,126,822 | 2,083,206 |
| Impairment losses | (500,890) | (500,890) |
| | ----- | ----- |
| | 1,625,932 | 1,582,316 |
| | ===== | ===== |

Goodwill is allocated for impairment testing purposes to the individual entity which is also the cash generating unit ("CGU"). The computed value-in-use applies a discounted cash flow model using cash flow projective based on financial budgets approved by the management covering a 5 years' period.

The discount rates applied to the cash flow projections are derived from the cost of capital plus a reasonable premium at the date of assessment of the respective CGU.

No impairment loss was required for the goodwill assessed as their recoverable values were in excess of their carrying amounts.

15. DEVELOPMENT PROPERTIES

| | Group | |
|---------------------------------|------------|--------------------------------|
| | 2009 RM | Period ended 31.12.08 RM |
| Development expenditure | | |
| At 1st January/April | - | - |
| Incurred during the year/period | 591,940 | - |
| | ----- | ----- |
| At 31st December | 591,940 | - |
| | ===== | ===== |

16. INVENTORIES

| | Group | |
|-------------------|------------|--------------------------------|
| | 2009 RM | Period ended 31.12.08 RM |
| At cost : | | |
| Raw materials | 3,190,359 | 3,181,670 |
| Finished goods | 10,585,026 | 10,176,192 |
| Work in progress | 159,012 | 143,253 |
| Packing materials | 410,014 | 318,550 |
| | ----- | ----- |
| | 14,344,411 | 13,819,665 |
| | ===== | ===== |

Notes To The Financial Statements • 31st December 2009

17. TRADE RECEIVABLES

| | Group | |
|--|------------------------------|--------------------------------|
| | 2009 RM | Period ended 31.12.08 RM |
| Total amount outstanding | 19,389,067 | 18,652,895 |
| Less : | | |
| Specific allowance for doubtful debts | | |
| At 1st January/April | (849,042) | (773,969) |
| Allowance written back | 138,629 | 158,697 |
| Allowance during the year/period | (434,421) | (233,770) |
| At 31st December | (1,144,834) | (849,042) |
| General allowance for doubtful debts | (18,863) | (18,863) |
| | ----- 18,225,370 ===== | ----- 17,784,990 ===== |

Included in trade receivables is RM540,547 (2008 : Nil) owing by a company in which one of the directors and major shareholder in the Company has substantial interest.

The credit terms of trade receivables range from 30 to 90 days. Other credit terms are assessed and approved on a case by case basis.

The Group makes allowance for doubtful debts based on assessment of recoverability. Whilst the management is guided by past experience, judgment is required about future recovery of debts.

The trade receivables of the Group in the local and foreign denominated currencies are as follows :-

| | Group | |
|------------------|------------------------------|--------------------------------|
| | 2009 RM | Period ended 31.12.08 RM |
| Ringgit Malaysia | 16,042,472 | 15,974,649 |
| US Dollar | 687,999 | 415,576 |
| Singapore Dollar | 268,127 | 89,951 |
| Canada Dollar | 217,336 | 367,302 |
| Renminbi | 1,009,436 | 937,512 |
| | ----- 18,225,370 ===== | ----- 17,784,990 ===== |

Notes To The Financial Statements • 31st December 2009

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | Group | | Company | |
|--|---------------------|--------------------------|----------------|--------------------------|
| | 2009 | Period ended 31.12.08 | 2009 | Period ended 31.12.08 |
| | RM | RM | RM | RM |
| (i) Other receivable | 13,141,500 | 14,224,805 | - | 1,090,000 |
| Less : Allowance for doubtful debts | (13,141,500) | (13,134,805) | - | - |
| | <u>-</u> | <u>1,090,000</u> | <u>-</u> | <u>1,090,000</u> |
| (ii) Other receivables | 534,215 | 9,028,995 | 224,150 | 500 |
| (iii) Deposits | 698,939 | 263,936 | 143,998 | 148,946 |
| (iv) Prepayments | 481,625 | 319,382 | - | - |
| (v) Prepayment for properties under construction | 8,968,048 | - | - | - |
| (vi) Deposits paid on the acquisition of land | 407,300 | - | - | - |
| | <u>11,090,127</u> | <u>10,702,313</u> | <u>368,148</u> | <u>1,239,446</u> |
| | ===== | ===== | ===== | ===== |

Included in (i) other receivable is a subsidiary company, Westech Sdn Bhd which was placed under creditors' voluntary winding up on 26th October 2006.

The amount in (v) above is paid for the properties under construction which are situated in the People's Republic of China.

The Group makes allowance for doubtful debts based on assessment of recoverability. Whilst the management is guided by past experience, judgment is required about future recovery of debts.

Notes To The Financial Statements • 31st December 2009

19. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

| | Company | |
|--------------------------------------|-----------------------------|--------------------------------|
| | 2009 RM | Period ended 31.12.08 RM |
| Amount owing by subsidiary companies | 11,843,194 | 10,202,422 |
| Less : | | |
| Allowance for doubtful debts | | |
| At 1st January/April | (9,060,001) | (9,065,512) |
| Amount written back | - | 5,511 |
| At 31st December | (9,060,001) | (9,060,001) |
| | ----- 2,783,193 ===== | ----- 1,142,421 ===== |

The Company makes allowance for doubtful debts based on assessment of recoverability. Whilst the management is guided by past experience, judgment is required about future recovery of debts.

The amount owing by/(to) subsidiary companies are unsecured, interest free and have no fixed terms of repayment.

20. FIXED DEPOSITS WITH LICENSED BANKS

Group

Included in the fixed deposits are RM3,485,179 (2008 : RM3,703,744) which have been pledged to financial institutions for banking facilities granted to the Group as mentioned in note 26.

21. SHARE CAPITAL

| | Group and Company | |
|-----------------------------|----------------------|--------------------------------|
| | 2009 RM | Period ended 31.12.08 RM |
| Ordinary shares of RM1 each | | |
| Authorised | 100,000,000 ===== | 100,000,000 ===== |
| Issued and fully paid | 50,895,000 ===== | 50,895,000 ===== |

22. RESERVES

| | Group | | Company | |
|-----------------------------------|-------------------------------|-------------------------------|--------------------------------|--------------------------------|
| | 2009 | Period ended 31.12.08 | 2009 | Period ended 31.12.08 |
| | RM | RM | RM | RM |
| Non-Distributable | | | | |
| Translation Adjustment Account | (179,916) | 2,762 | - | - |
| Distributable | | | | |
| Accumulated losses | (8,285,152) | (6,137,673) | (27,200,373) | (24,750,388) |
| | ----- (8,465,068) ===== | ----- (6,134,911) ===== | ----- (27,200,373) ===== | ----- (24,750,388) ===== |

Notes To The Financial Statements • 31st December 2009

23. HIRE PURCHASE PAYABLES

| | Group | Period ended |
|--|------------|----------------|
| | 2009 RM | 31.12.08 RM |
| Total principal outstanding | - | 126,345 |
| Less : Repayable within the next twelve months shown under current liabilities | - | (23,176) |
| | ----- | ----- |
| Repayable after the next twelve months | - | 103,169 |
| | ===== | ===== |
| Represented by : | | |
| Minimum hire purchase payments : | | |
| - Within one year | - | 28,824 |
| - After one year but not more than five years | - | 112,889 |
| | ----- | ----- |
| | - | 141,713 |
| Less: Future interest charges | - | (15,368) |
| | ----- | ----- |
| Present value of hire purchase liabilities | - | 126,345 |
| | ===== | ===== |

24. DEFERRED TAXATION

| | Group | | Company | |
|--|---------|--------------------------|----------|--------------------------|
| | 2009 | Period ended 31.12.08 | 2009 | Period ended 31.12.08 |
| | RM | RM | RM | RM |
| At 1st January/April | 49,197 | 76,914 | 22,800 | 14,300 |
| Recognised (to)/in income statement (note 8) | (6,197) | (27,717) | (22,800) | 8,500 |
| | ----- | ----- | ----- | ----- |
| At 31st December | 43,000 | 49,197 | - | 22,800 |
| | ===== | ===== | ===== | ===== |

This represents capital allowances claimed on property, plant and equipment in excess of their depreciation charged.

Notes To The Financial Statements • 31st December 2009

25. TRADE PAYABLES

Group

Included in trade payables is RM334,229 (2008 : Nil) owing to a company in which one of the director and major shareholder in the Company has substantial interest.

The credit terms of trade payables range from 30 to 60 days.

The trade payables of the Group in the local and foreign denominated currencies are as follows :-

| | 2009 RM | Period ended 31.12.08 RM |
|------------------|-----------------------------|--------------------------------|
| Ringgit Malaysia | 6,628,078 | 3,137,969 |
| US Dollar | 717,445 | 247,848 |
| Renminbi | - | 39,559 |
| | ----- 7,345,523 ===== | ----- 3,425,376 ===== |

26. BILLS PAYABLE

Group

This trade line facilities granted by the financial institutions to the subsidiary companies are secured against the Group's fixed deposits as mentioned in note 20.

They bear weighted average interest rate at 7% (2008 : 7.75%) per annum.

27. OTHER PAYABLES AND ACCRUALS

| | Group | | Company | |
|---|------------------------------|------------------------------|---------------------------|-----------------------------|
| | 2009 | Period ended 31.12.08 | 2009 | Period ended 31.12.08 |
| | RM | RM | RM | RM |
| i) Company in which the Director has substantial interest | 4,200 | 4,200 | - | - |
| ii) Other payables and accruals | 14,194,056 | 12,471,785 | 374,667 | 527,390 |
| | ----- 14,198,256 ===== | ----- 12,475,985 ===== | ----- 374,667 ===== | ----- 527,390 ===== |

The amount in (i) above is unsecured, interest free and has no fixed terms of repayment.

Notes To The Financial Statements • 31st December 2009

28. SEGMENTAL REPORTING

Segment information is presented in respect of the Group's business and geographical segments.

Inter segment pricing is determined on arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

By Business Segment

The Group's operations comprise the following main business segments :

| | |
|-------------------------------|--|
| Industrial division | Manufacture of polymer, chemicals, adhesive, decorative coatings and related products and sales of chemicals, adhesives, building materials, equipment and consumer products |
| Aviation Services | Agency of air-cargo transportation and tour and travel agency |
| Property & Investment holding | Investment holding, property development and provision of management and marketing services |

| 2009 | Industrial Division | Aviation Services | Property & Investment holding | Elimination | Consolidation |
|--|---------------------|-------------------|-------------------------------|--------------|---------------|
| Revenue | RM | RM | RM | RM | RM |
| External sales | 72,037,281 | 37,229,062 | - | - | 109,266,343 |
| Inter-segment sales | 12,125,783 | - | 415,502 | (12,541,285) | - |
| Total | 84,163,064 | 37,229,062 | 415,502 | (12,541,285) | 109,266,343 |
| | ===== | ===== | ===== | ===== | ===== |
| Results | | | | | |
| Segment results (external) | 1,678,614 | (137,682) | (2,649,775) | - | (1,108,843) |
| Finance costs | | | | | (59,888) |
| Loss before taxation | | | | | (1,168,731) |
| Taxation | | | | | (978,748) |
| Loss after taxation | | | | | (2,147,479) |
| | | | | | ===== |
| Other information | | | | | |
| Segment assets | 67,896,528 | 2,659,664 | 36,748,428 | (43,130,088) | 64,174,532 |
| | | | | | ===== |
| Segment liabilities | 61,653,745 | 2,060,225 | 3,032,552 | (45,001,922) | 21,744,600 |
| | | | | | ===== |
| Capital expenditure | 204,619 | - | 13,910 | | 218,529 |
| Depreciation | 454,465 | - | 31,579 | | 486,044 |
| Amortisation | 22,299 | - | - | | 22,299 |
| Non-cash expenses other than depreciation and amortisation | | | | | 2,937,770 |
| | | | | | ===== |

Notes To The Financial Statements • 31st December 2009

| 2008 | Industrial Division | Aviation Services | Property & Investment holding | Elimination | Consolidation |
|--|------------------------|----------------------|----------------------------------|--------------|---------------|
| Revenue | RM | RM | RM | RM | RM |
| External sales | 58,963,591 | 18,881,747 | 801,491 | - | 78,646,829 |
| Inter-segment sales | 10,676,867 | 1,182 | 1,943,735 | (12,621,784) | - |
| Total | 69,640,458 | 18,882,929 | 2,745,226 | (12,621,784) | 78,646,829 |
| Result | | | | | |
| Segment results (external) | 809,578 | 329,505 | (323,016) | (5,511) | 810,556 |
| Finance costs | | | | | (147,466) |
| Profit before taxation | | | | | 663,090 |
| Taxation | | | | | (214,854) |
| Profit after taxation | | | | | 448,236 |
| Other information | | | | | |
| Segment assets | 70,694,000 | 1,611,251 | 36,919,049 | (45,296,748) | 63,927,552 |
| Segment liabilities | 64,771,743 | 1,049,538 | 701,150 | (47,354,968) | 19,167,463 |
| Capital expenditure | 235,562 | - | 54,347 | | 289,909 |
| Depreciation | 423,257 | - | 26,714 | | 449,971 |
| Amortisation | 16,726 | - | - | | 16,726 |
| Non-cash expenses other than depreciation and amortisation | | | | | 1,368,499 |

By Geographical Segment

The Group operates mainly in Malaysia and has sales office in Canada, Hong Kong and China. In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Total assets and capital expenditures are based on the geographical location of assets.

Notes To The Financial Statements • 31st December 2009

| | Revenue | | Total Assets | | Capital Expenditure | |
|-----------|-------------|--------------------------|--------------|--------------------------|---------------------|--------------------------|
| | 2009 | Period ended 31.12.08 | 2009 | Period ended 31.12.08 | 2009 | Period ended 31.12.08 |
| | RM | RM | RM | RM | RM | RM |
| Malaysia | 82,903,919 | 57,189,718 | 50,755,686 | 49,695,811 | 218,529 | 287,951 |
| Singapore | 361,210 | 306,748 | 169,670 | 122,965 | - | - |
| Canada | 713,630 | 1,467,125 | 1,671,510 | 2,281,400 | - | 1,958 |
| Hong Kong | 80,101 | 19,683,238 | 11,440,847 | 11,827,376 | - | - |
| China | 25,207,483 | - | 136,819 | - | - | - |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | 109,266,343 | 78,646,829 | 64,174,532 | 63,927,552 | 218,529 | 289,909 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

29. ACQUISITION OF SUBSIDIARY COMPANIES, NET OF CASH ACQUIRED

On 23rd April 2009, the Company acquired 200,002 ordinary shares of RM1 each representing 100% equity interest in Mas-Be Travel Services Sdn Bhd for a total cash consideration of RM230,000.

On 1st June 2009, the Company acquired 2 ordinary shares of RM1 each representing 100% equity interest in Nagamas Land Development Sdn Bhd for a total cash consideration of RM2.

The effects of the acquisition of subsidiary companies on the financial position of the Group are as follows :-

| | 2009 RM |
|--|------------|
| Other receivables, deposits and prepayment | 206,392 |
| Cash and bank balances | 5,003 |
| Other payable, deposits and accruals | (25,009) |
| | ----- |
| Group's share of net assets | 186,386 |
| Goodwill on consolidation | 43,616 |
| | ----- |
| Total cost of acquisition | 230,002 |
| Less : Cash and cash equivalents of subsidiary companies acquired | 5,003 |
| | ----- |
| Cash outflow on acquisition | (224,999) |
| | ===== |

The effects of the acquisition of subsidiary companies on the financial results of the Group are as follows :-

| | 2009 RM |
|--------------------------|--------------|
| Revenue | 11,941,478 |
| Cost of goods sold | (11,533,989) |
| Administrative expenses | (553,872) |
| Other operating expenses | (48,586) |
| | ----- |
| Loss from operation | (194,969) |
| Finance cost | - |
| | ----- |
| Loss before taxation | (194,969) |
| Taxation | - |
| | ----- |
| Loss after taxation | (194,969) |
| | ===== |

Notes To The Financial Statements • 31st December 2009

30. FINANCIAL INSTRUMENTS

a) Credit Risk

As at 31st December 2009, the Group's credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group Management reporting procedures.

The Group has no significant concentration of credit risk and places its cash with credit worthy financial institutions.

b) Fair Values

The carrying amounts of the financial assets and liabilities of the Group and of the Company as at 31st December 2009 approximate their fair values on the balance sheet of the Group and of the Company except as set out below:-

| | Group | | | | Company | | | |
|--------------------------------------|-----------------|--------------------------------|------------|--------------------------------|-----------------|--------------------------------|------------|--------------------------------|
| | Carrying Amount | | Fair Value | | Carrying Amount | | Fair Value | |
| | 2009 RM | Period ended 31.12.08 RM | 2009 RM | Period ended 31.12.08 RM | 2009 RM | Period ended 31.12.08 RM | 2009 RM | Period ended 31.12.08 RM |
| Financial Assets | | | | | | | | |
| Unquoted shares | 439,650 | 439,650 | * | * | - | - | - | - |
| Amount owing by subsidiary companies | - | - | - | - | 2,783,193 | 1,142,421 | # | # |
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== |
| Financial Liability | | | | | | | | |
| Amount owing to subsidiary companies | - | - | - | - | 1,326,767 | - | # | - |
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== |

* It is not practicable to estimate the fair value of the unquoted shares because of the lack of quoted market prices and the ability to estimate the fair value without incurring excessive costs.

It is not practical to estimate the fair values of the above amounts due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs.

Notes To The Financial Statements • 31st December 2009

31. SIGNIFICANT RELATED PARTY DISCLOSURES

a) Identities of related parties and related parties transactions

| | Group | | Company | |
|---|------------|-----------------------------------|------------|-----------------------------------|
| | 2009 RM | Period ended 31.12.08 RM | 2009 RM | Period ended 31.12.08 RM |
| i) Firm in which a Director, Ian Ghee Eik Kai has interest | | | | |
| Ian Ghee & Associates | | | | |
| Professional fee paid | 25,200 | - | - | - |
| | ===== | ===== | ===== | ===== |
| ii) Subsidiary companies | | | | |
| Management fees received | - | - | (48,632) | (1,943,735) |
| Administrative fees received | - | - | (366,870) | - |
| | ===== | ===== | ===== | ===== |

iii) Other related parties transactions

Malaysia-Beijing Travel Services Sdn Bhd, a company deemed a related party by virtue of one of the directors and major shareholder in the Company, Dato' Ng Kek Kiong is a major shareholder.

| | Group | | Company | |
|----------------------|--------------|-----------------------------------|------------|-----------------------------------|
| | 2009 RM | Period ended 31.12.08 RM | 2009 RM | Period ended 31.12.08 RM |
| - Rental of premises | 46,850 | - | 10,500 | - |
| - Sales | (11,941,478) | - | - | - |
| - Purchase | 11,533,988 | - | - | - |
| | ===== | ===== | ===== | ===== |

The Directors are of the opinion that the above transactions were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

Notes To The Financial Statements • 31st December 2009

b) Balances in respect of non trade transaction

| | Group | Period ended |
|--|------------|----------------|
| | 2009 RM | 31.12.08 RM |
| - With a firm in which Ian Ghee Eik Kai has interest : | | |
| Ian Ghee & Associates | | |
| Amount owing (to) | (4,200) | (4,200) |
| | ===== | ===== |
| - With a company in which one of the directors and major shareholder in the Company, Dato' Ng Kek Kiong is a major shareholder | | |
| Amount owing by | 589,146 | - |
| | ===== | ===== |

c) Balances in respect of trade transaction

| | | |
|--|-----------|-------|
| - With a company in which one of the directors and major shareholder in the Company, Dato' Ng Kek Kiong is a major shareholder | | |
| Amount owing (to) | (334,229) | - |
| Amount owing by | 540,547 | - |
| | ===== | ===== |

32. CONTINGENT LIABILITIES

Pending Litigations

- (a) A Vendor has filed a claim at the High Court of Shah Alam on 29th July 1988 against Westech Sdn Bhd ("WSB") for the recovery of RM579,514 plus interest and costs for not completing the purchase of a boat. WSB denied the claim and filed a counter claim for the refund of a deposit of RM108,900 plus damages.

The Court has allowed the Vendor's application for Summary Judgement on 26th April 2001. The Notice of Appeal against the summary judgement was dismissed.

WSB was placed under Creditors' Voluntary Winding Up pursuant to Section 254(1) (a) of the Companies Act 1965 on 26th October 2006.

- (b) A Supplier has filed a claim at the High Court of Shah Alam against Westech Sdn Bhd ("WSB") for a principal sum of RM354,183 plus costs and interest of RM377,852 as at 31st August 2003 and further interest at the rate of 1.5% per month calculated from 1st September 2003 until date of full settlement. The principal sum claimed is for goods allegedly sold and delivered.

The Court has allowed the Supplier's application for Summary Judgement on 26th January 2005. WSB has filed the Notice of Appeal against the Summary Judgement and the next hearing and mention on the case was fixed on 28th November 2006.

However, on 26th October 2006, WSB was placed under Creditors' Voluntary Winding Up pursuant to Section 254 (1) (a) of the Companies Act 1965.

- (c) A claim was made in the High Court of Shah Alam, by an ex-director against the Company for the recovery of retirement benefits, annual leave passage and balance of untaken annual leave. The Company has filed a counter claim against the ex-director for the recovery of a car loan, aggravated and exemplary damages.

The ex-director has been adjudicated a bankrupt on 24 June 2003. However, he has obtained the sanction from the Director General of Insolvency to proceed with his appeal.

Notes To The Financial Statements • 31st December 2009

The Company has filed an application to strike out certain paragraphs of the Statement of Claim and the court has dismissed the said application. The Company has appealed against the said decision.

Meanwhile the Company has obtained an order of security for costs. The ex-director has appealed against the order of security for costs.

The Court has fixed 7th May 2010 as case management for both of the notice appeal named above.

No provision has been made for the above pending litigations as the Directors are of the opinion that the Group's chances of success in respect of the appeals, suits and counter claims are good.

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (1) On 15th January, 2009, Nagamas International (HK) Ltd ("NIHK") entered into a Repayment Agreement with Zhiangxu Zhenda Construction Co. Ltd ("ZZ") and Zhang Yongliang ("ZYL"). NIHK agreed that the repayment of the amount owing by ZZ be extended to 31st July, 2009 and ZZ has agreed to pay four times of the interest rates charged by the People's Bank of China for the same amount of loan for the same duration effective from 1st February, 2009.

On 25th June 2009, NIHK entered into the following three agreements :

- (i) Agreement on creditor's right subrogation between NIHK, ZZ and Huizhou Longji Mazong Real Estate Development Co. Ltd. ("HLM") ("CRSA")
- (ii) Settlement Agreement ("SA")
- (iii) Share Transfer Agreement between NIHK and ZYL ("STA")

Upon completion of the above three agreements, it will result in NIHK acquiring from ZYL his entire equity interest in HLM at a consideration of RMB 1.0 million yuan and will enable NIHK (through HLM) to own 15 units of shoplots in Dragon Mall which have been professionally valued at RMB 18.61 million yuan the consideration of which will be settled by full set-off of the amount owing by ZZ to NIHK of RM8.80 million pursuant to the Marketing Joint Venture Agreement and Repayment Agreement.

As there has been a relaxation of the relevant applicable Chinese Law subsequent to 30 June 2009, that will allow the Group to mitigate its transactional risk and for expediency, upon suggestion from Administration of State Land, Resources and Housing of Huizhou which has agreed that it would be more practical for NIHK to acquire the Properties directly from the developer. On 29 December 2009, NIHK entered into the following new agreements to facilitate the acquisition by NIHK of the Properties directly from the developer, Huizhou Longji Real Estate Development Co. Ltd ("HLRED") for a consideration of RMB18,649,925:

1. Supplementary Agreement to CRSA between NIHK, ZZ and HLM;
2. Supplementary Agreement to SA between NIHK, ZZ and ZYL; and
3. Contracts for the Sale of Commercial Housing between NIHK and HLRED.

Subsequent to the balance sheet date, the consideration of RMB18,649,925 for the properties was paid. However, the properties will only be transferred to NIHK upon the issuance of the Certificate of Fitness.

- (2) On 23 April 2009 the Company entered into an Exclusive Ticketing Purchase Outsourcing Agreement with Malaysia-Beijing Travel Services Sdn Bhd ("MBTS") for MBTS to outsource the ticketing department to the Company or its nominated entity for the exclusive rights to purchase airlines tickets or cargo booking in advance for MBTS from various airlines and to be supplied to MBTS for resale to MBTS's customers for a period of 2 years plus an option to renew for an additional one year.
- (3) On 23rd April 2009, the Company acquired 200,002 ordinary shares of RM1 each in Mas-Be Travel Services Sdn. Bhd ("Mas-Be") representing the entire issued and paid-up capital in Mas-Be for a total cash consideration of RM230,000 and thereafter Mas-Be became a subsidiary of the Company.
- (4) On 1st June 2009, the Company acquired two (2) ordinary shares of RM1 each in Nagamas Land Development Sdn. Bhd (formerly known as First Weld Trading Sdn Bhd)("FWT") representing the entire issued and paid-up capital in FWT for a total cash consideration of RM2.00 and thereafter Nagamas Land Development Sdn Bhd became a subsidiary of the Company.

First Weld Trading Sdn Bhd changed its name to Nagamas Land Development Sdn Bhd on 5th June 2009.

Notes To The Financial Statements • 31st December 2009

- (5) On 23 April 2009, the Company entered into a Sale and Purchase Agreement (“SPA”) with Jojevi for the proposed disposal of its entire equity interests in the industrial division companies (Continental Series Sdn Bhd, Westech Chemicals Sdn Bhd, Ferndale Direct Sdn Bhd, Tenco Industries Sdn Bhd, Wilron Products Sdn Bhd, Ridgemonde Chemicals & Resins Sdn Bhd, Iso Kimia (M) Sdn Bhd, Vivaplus Paints Sdn Bhd, Quality Coatings Sdn Bhd, Tenco Construction Sdn Bhd, Tenco Westech Industries Pte Ltd, Tenco Westech Industries Incorporated, Westech Sdn Bhd (In Creditors’ Voluntary Liquidation) and Tenco Management Sdn Bhd) save for the land and building known as H.S (D) 312504, Lot PT 70, Seksyen 23, Bandar Shah Alam, Selangor (excluded property) to Jojevi for a total cash consideration of RM4million and assumption of debt of RM3.00million.

Pursuant to the Proposed Disposal, the Company had on 23 April 2009 entered into a Settlement Agreement with the purchaser and the inter-co debtors whereby the Company agreed to waive a total of RM6.06 million of outstanding inter-company debts owing by the inter-company debtors. The total inter-company debts due and owing to the Company by the inter-company debtors was RM9.06million as at 31 December 2008. The balance of the inter-company Debts amounting to RM3.00 million shall be settled by the purchaser by 30 equal monthly cash instalment of RM 100,000 each payable at the end of each month from the completion date of the proposed disposal.

On 23 April 2009, the Company and Jojevi entered into a Lease Agreement in respect of the Excluded Property by Jojevi from the Company for a period of up to 37 months after completion of the SPA.

Subsequently, on 21 May 2009, the Company executed the Supplemental Agreement with the Inter-co debtors and Jojevi to reflect certain changes to the SPA and the Settlement Agreement. In addition, on 21 May 2009 the Company and Jojevi entered into a Tenancy Agreement, replacing the Lease Agreement, whereby Jojevi shall rent the Excluded Property from Nagamas for a period of up to 36 months commencing from the first day of the following month after the completion date.

- (6) On 28 August 2009, the Company entered into four Sales and Purchase Agreements for the purchase of 35 lots, 37 lots, 4 lots and 16 lots of freehold land in Mukim Mantin, Negeri Sembilan for a total consideration of RM 2,183,000, RM 1,247,000 and RM193,000 and RM450,000 respectively for housing and shoplots development on the lands. However, the sales and purchase transactions were only completed after the balance sheet date.

34. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

- (1) The Proposed Disposal of the industrial division as mentioned in Note 33 (5) above was completed on 8 January 2010.
- (2) On 2nd February 2010, the authorised share capital of one of the subsidiary companies, Nagamas Land Development Sdn Bhd was increased from RM100,000 to RM5,000,000 by the creation of an additional 4,900,000 new ordinary shares of RM1 each.

The issued and fully paid share capital of the company was also increased from RM2 to RM4,000,000 by an allotment of 3,999,998 new ordinary shares of RM1 each at par.

The new ordinary shares ranked pari passu with all the existing ordinary shares in issue.

- (3) On 17th March 2010, the Company acquired two (2) ordinary shares of RM1 each in Nagamas Bizworks Sdn. Bhd. (“NBSB”) representing the entire issued and paid-up capital in NBSB for a total cash consideration of RM2.00 and thereafter NBSB became a subsidiary of the Company.

35. CAPITAL COMMITMENT

| | 2008 RM | Group | 2009 RM |
|-------------------------------------|------------|-------|------------|
| In respect of capital expenditure : | | | |
| Contracted but not provided for | 3,665,700 | | - |
| | ===== | | ===== |

36. COMPARATIVE FIGURES

The comparative figures are in respect of the financial period from 1st April 2008 to 31st December 2008.

Statement By Directors

We, TAN SRI DATO' (DR) ABDUL AZIZ BIN ABDUL RAHMAN and DATO' NG KEK KIONG, being two of the Directors of NAGAMAS INTERNATIONAL BERHAD., do hereby state on behalf of the Directors that, in our opinion, the financial statements set out on pages 23 to 65 are drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31ST DECEMBER 2009 and of their results, changes in equity and cash flows of the Group and of the Company for the year ended on that date.

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

TAN SRI DATO' (DR) ABDUL AZIZ BIN ABDUL RAHMAN

DATO' NG KEK KIONG

Kuala Lumpur
Dated : 29th April 2010

STATUTORY DECLARATION

I, DATO' NG KEK KIONG, the director primarily responsible for the accounting records and financial management of NAGAMAS INTERNATIONAL BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 23 to 65 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the above named DATO' NG KEK KIONG at Kuala Lumpur
in the Federal Territory on this 29th April 2010

DATO' NG KEK KIONG

Before me,

SIA TUAN PANG
No. W483

Pesuruhjaya Sumpah
Malaysia

Report Of The Auditors • To The Members Of Nagamas International Berhad

We have audited the financial statements of Nagamas International Berhad., which comprise the balance sheets as at 31st 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 23 to 65.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31st December 2009 and of their financial performance and cash flows 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 accounts 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.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

TAI, YAPP & CO
AF: 0205
Chartered Accountants

YAPP HOCK HOE
No: 723/03/12 (J/PH)
Partner

Kuala Lumpur
Dated : 29th April 2010

Analysis Of Shareholdings • As at 7 May 2010

SHARE CAPITAL

| | | |
|----------------------------------|---|----------------------------------|
| Authorised Share Capital | : | RM100,000,000.00 |
| Issued and Fully Paid-up Capital | : | RM50,895,000.00 |
| Class of securities | : | Ordinary Shares of RM1.00 each |
| Voting rights | : | One vote per ordinary share held |

ANALYSIS BY SIZE OF SHAREHOLDINGS

| Size of Holdings | Number of Holders | % | Number of Shares | % |
|--|-------------------|---------------|-------------------|---------------|
| 1 - 99 | 43 | 1.53 | 1,948 | 0.00 |
| 100 - 1,000 | 1,715 | 61.05 | 980,219 | 1.93 |
| 1,001 - 10,000 | 800 | 28.48 | 2,839,275 | 5.58 |
| 10,001 - 100,000 | 207 | 7.37 | 6,587,074 | 12.94 |
| 100,001 to less than 5% of issued shares | 41 | 1.46 | 18,601,259 | 36.55 |
| 5% and above of issued shares | 3 | 0.11 | 21,885,225 | 43.00 |
| Total | 2,809 | 100.00 | 50,895,000 | 100.00 |

SUBSTANTIAL SHAREHOLDERS

(per Register of Substantial Shareholders)

| Name | No. of Ordinary Shares of RM1.00 each held | | | |
|-------------------------|--|-------|---------------------------|-------|
| | Direct | % | Indirect | % |
| MB Longji Sdn Bhd | 13,621,225 ⁽¹⁾ | 26.76 | - | - |
| Trendy Approach Sdn Bhd | 5,000,000 | 9.82 | - | - |
| Pristine Way Sdn Bhd | 3,264,000 | 6.41 | - | - |
| Dato' Ng Kek Kiong | - | - | 13,621,225 ⁽²⁾ | 26.76 |
| Ng Fung Mo | - | - | 13,621,225 ⁽²⁾ | 26.76 |
| Leong Chun Yin | 47,500 | 0.09 | 8,264,000 ⁽³⁾ | 16.24 |
| Leong Pek Wha | - | - | 3,264,000 ⁽⁴⁾ | 6.41 |

Notes:-

- (1) Held through nominees.
- (2) Deemed interested through MB Longji Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.
- (3) Deemed interested through Trendy Approach Sdn Bhd and Pristine Way Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.
- (4) Deemed interested through Pristine Way Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

DIRECTORS' SHAREHOLDINGS

(per Register of Directors' Shareholdings)

| Name | No. of Ordinary Shares of RM1.00 each held | | | |
|--|--|------|---------------------------|-------|
| | Direct | % | Indirect | % |
| Dato' Ng Kek Kiong | - | - | 13,621,225 ⁽¹⁾ | 26.76 |
| Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman | 2,000,000 ⁽²⁾ | 3.93 | - | - |
| Dato' Lee Ah Chien @ Lee Ow Kim | - | - | - | - |
| Ng Fung Mo | - | - | 13,621,225 ⁽¹⁾ | 26.76 |
| Liu Xiuqing | - | - | - | - |
| Wong Soo Thiam | - | - | - | - |
| Ian Ghee Eik Kai | - | - | - | - |

Notes:-

- (1) Deemed interested through MB Longji Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.
- (2) Held through nominees.

Analysis Of Shareholdings • As at 7 May 2010

30 LARGEST SHAREHOLDERS

(per Record of Depositors)

| No. | Name | No. of Shares Held | % |
|-----|---|--------------------|-------|
| 1. | A.A. Anthony Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for MB Longji Sdn Bhd</i> | 13,621,225 | 26.76 |
| 2. | Trendy Approach Sdn Bhd | 5,000,000 | 9.82 |
| 3. | Pristine Way Sdn Bhd | 3,264,000 | 6.41 |
| 4. | A.A. Anthony Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Abdul Aziz Bin Abdul Rahman</i> | 2,000,000 | 3.93 |
| 5. | CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Azizan Bin Abd Rahman (MY0531)</i> | 1,915,000 | 3.76 |
| 6. | Sharifah Asiah Binti Syed Aziz Baftim | 1,609,350 | 3.16 |
| 7. | Yuen Yew Kok | 1,108,100 | 2.18 |
| 8. | CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Seow Lun Hoo @ Seow Wah Chong (MY0687)</i> | 1,085,000 | 2.13 |
| 9. | A.A. Anthony Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Mei Leng</i> | 1,000,000 | 1.96 |
| 10. | HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN for Credit Suisse (HK BR-TST-Asing)</i> | 951,200 | 1.87 |
| 11. | Liong Kwai Kiew | 882,600 | 1.73 |
| 12. | Chu Poi Tee | 676,750 | 1.33 |
| 13. | Ng Kian Chung | 545,100 | 1.07 |
| 14. | Lai Ming Chun @ Lai Poh Lin | 525,000 | 1.03 |
| 15. | Chia Ah Chor @ Chia Soo Itt | 517,000 | 1.02 |
| 16. | Leung Yoke Lin @ Leong Chong Lin | 410,000 | 0.81 |
| 17. | Choo Kok Chin | 390,000 | 0.77 |
| 18. | Lai Kam Wah Sdn Bhd | 376,300 | 0.74 |
| 19. | Fan Wai Fong | 320,000 | 0.63 |
| 20. | Woon Kon Khin @ Woon Kon Min | 303,600 | 0.60 |
| 21. | Lin Liguó | 280,979 | 0.55 |
| 22. | Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Foo Chi Ching (Dealer 060)</i> | 251,650 | 0.49 |
| 23. | Liu Qinfang | 250,000 | 0.49 |
| 24. | Devayani Janette Velerie A/P R Suppiah | 238,680 | 0.47 |
| 25. | Gerald Glesphy Perara | 214,750 | 0.42 |
| 26. | Yip Siew Yeen | 205,000 | 0.40 |
| 27. | Soong Mun Wai | 200,000 | 0.39 |
| 28. | Tang Soon Chye | 200,000 | 0.39 |
| 29. | Chong Foo | 195,000 | 0.38 |
| 30. | TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chai Nam Kiong</i> | 160,000 | 0.31 |
| | | 38,696,284 | 76.03 |

Particulars Of Properties

PROPERTIES OF THE GROUP AS AT 31 DECEMBER 2009

| Location | Description & Usage | Age Of Building | Land Area / Built Up | Tenure | Net Book Value (RM) | Acquisition Date |
|--|----------------------|-----------------|--------------------------|--|---------------------|------------------|
| Tenco Industries Sdn Bhd 5, Jalan Pelabur 23/1 Section 23 40300 Shah Alam Selangor Darul Ehsan | Office/ Factory | 18 years | 149,149/ 54,319 sq ft | Leasehold expiring 30 years ending 20 Oct 2019 | 3,711,370 | 26/10/1989 |
| Tenco Westech Industries Inc. # 348-13988 Cambie Road Richmond, B.C., Canada | Office/ Warehouse | 17 years | 2,116 sq ft | Freehold | 450,671 | 05/12/1995 |

Notice Of Twenty - Sixth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Sixth (26th) Annual General Meeting (“AGM”) of Nagamas International Berhad (“the Company”) will be held at Ground Floor, No. 31 & 33, Wisma Malaysia-Beijing, Jalan Maharajalela, 50150 Kuala Lumpur on Monday, 28 June 2010 at 10.30 a.m. to transact the following business:-

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 thereon. **(Resolution 1)**

2. To approve the payment of Directors’ Fees in respect of the financial year ended 31 December 2009. **(Resolution 2)**

3. To re-elect the following Directors who retire in accordance with Article 88 of the Company’s Articles of Association: -

- (i) Dato’ Lee Ah Chien @ Lee Ow Kim **(Resolution 3)**
(ii) Wong Soo Thiam **(Resolution 4)**

4. To appoint auditors and to authorise the Directors to fix their remuneration.

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 (as per Appendix I attached to the 2009 Annual Report), has been received by the Company for the nomination of Messrs Tam & Associates who have given their consent to act, for appointment as auditors and of the intention to propose the following ordinary resolution:-

“THAT Messrs Tam & Associates be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Tai, Yapp & Co, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors.” **(Resolution 5)**

AS SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following ordinary resolution:-

RE-ELECTION/RE-APPOINTMENT OF DIRECTOR OVER THE AGE OF SEVENTY YEARS

“THAT Tan Sri Dato’ (Dr) Abdul Aziz Bin Abdul Rahman, who retires pursuant to Article 95 of the Company’s Articles of Association and Section 129 of the Companies Act, 1965, be and is hereby re-elected/re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting.” **(Resolution 6)**

6. To consider and if thought fit, to pass the following ordinary resolution:-

AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES

“THAT subject always to the Companies Act, 1965 and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percentage (10%) of the issued share capital of the Company at the time of issue AND THAT the Directors be also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.” **(Resolution 7)**

Notice Of Twenty - Sixth Annual General Meeting (Cont'd)

7. To consider and if thought fit, to pass the following ordinary resolution:-

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WHICH ARE IN THE ORDINARY COURSE OF BUSINESS ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT")

"THAT, subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.3 of the Circular to Shareholders dated 4 June 2010, provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company.

AND THAT such approval shall continue to be in force until:

- i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed; or
- ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier.

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed renewal of Shareholders' Mandate for RRPT."

(Resolution 8)

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

BY ORDER OF THE BOARD

YEOH CHONG KEAT (MIA 2736)
LIM FEI CHIA (MAICSA 7036158)
 Company Secretaries

Kuala Lumpur
 4 June 2010

Notice Of Twenty - Sixth Annual General Meeting (Cont'd)

Notes:-

- i. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, then the proxy shall be an advocate or an approved company auditor or a person approved by the Companies Commission of Malaysia. The provision of Section 149(1)(b) of the Companies Act, 1965 shall apply to the Company.
- ii. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- iii. A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
- iv. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding this meeting or any adjournment thereof.

Explanatory Note on Special Business:-

Resolution 6

Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman, who was appointed a Director of the Company with effect from 26 March 2010, is retiring in accordance with Article 95 of the Company's Articles of Association. As Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman has attained seventy (70) years of age, he is also seeking re-appointment as Director of the Company to hold office until the conclusion of the next AGM pursuant to Section 129 of the Companies Act, 1965.

Resolution 7

This resolution, if passed, will renew the authority given to the Directors of the Company to issue and allot new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the nominal value of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the total issued share capital of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The General Mandate procured and approved in the preceding year 2009 which was not exercised by the Company during the year, will expire at the forthcoming Twenty-Sixth AGM of the Company.

With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

Resolution 8

This resolution, if passed, will enable the Company and/or its subsidiaries to continue to enter into specified recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 of the Circular to Shareholders dated 4 June 2010 with the specified classes of related party mentioned therein which are necessary for the Group's day-to-day operations. For further information on the Proposed Renewal of Shareholders' Mandate for RRPT, please refer to the Circular to Shareholders dated 4 June 2010 despatched together with the 2009 Annual Report.

Statement Accompanying Notice Of Annual General Meeting

1. Directors retiring in accordance with Article 88 of the Company's Articles of Association: -
 - Dato' Lee Ah Chien @ Lee Ow Kim
 - Wong Soo Thiam

2. Director retiring in accordance with Article 95 of the Company's Articles of Association and Section 129 of the Companies Act, 1965: -
 - Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman

Details of the abovenamed Directors are set out in the "Directors' Profiles" from page 3 to 5 of this Annual Report. The details of their shareholdings are listed on page 68.

Tan Sri Dato' (Dr) Abdul Aziz bin Abdul Rahman
11A Lorong Batai
Damansara Heights
50490 Kuala Lumpur

Date: 20 May 2010

The Board of Directors
NAGAMAS INTERNATIONAL BERHAD
Suite 11.1A, Level 11
Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur

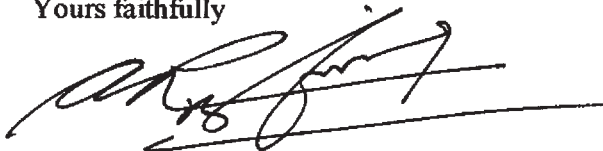
Dear Sirs,

RE: CHANGE OF AUDITORS

I, being a shareholder of the Company, hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965 of my intention to nominate Messrs Tam & Associates for appointment as Auditors of the Company in place of the retiring auditors, Messrs Tai, Yapp & Co and to propose the following motion as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company:-

“THAT Messrs Tam & Associates be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Tai, Yapp & Co, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors.”

Yours faithfully



.....
**TAN SRI DATO' (DR) ABDUL AZIZ
BIN ABDUL RAHMAN**

Form Of Proxy

| | |
|--------------------|--|
| No. of Shares held | |
| CDS Account No. | |

I/We, NRIC/Company No.
(Full name in block letters)

of
(Full address)

being a member(s) of NAGAMAS INTERNATIONAL BERHAD hereby appoint
(Full name in block letters)

..... of or failing
(Full address)

whom, of
(Full name in block letters) (Full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Twenty-Sixth Annual General Meeting of the Company to be held at Ground Floor, No. 31 & 33, Wisma Malaysia-Beijing, Jalan Maharajalela, 50150 Kuala Lumpur on Monday, 28 June 2010 at 10.30 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

| Resolutions | Subject | *For | *Against |
|-------------|---|------|----------|
| 1 | To receive the Audited Financial Statements for the financial year ended 31 December 2009 and Reports of the Directors and Auditors thereon | | |
| 2 | To approve the payment of Directors' fees for the financial year ended 31 December 2009 | | |
| 3 | To re-elect Dato' Lee Ah Chien @ Lee Ow Kim as Director of the Company | | |
| 4 | To re-elect Wong Soo Thiam as Director of the Company | | |
| 5 | To appoint Messrs Tam & Associates as auditors of the Company in place of Messrs Tai, Yapp & Co and to authorised the Directors to fix their remuneration | | |
| 6 | To re-elect/re-appoint Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman as Director of the Company | | |
| 7 | To authorise Directors to issue shares pursuant to Section 132D of the Companies Act, 1965 | | |
| 8 | To renew the shareholders' mandate for recurrent related party transactions of a revenue or trading nature which are in the ordinary course of business | | |

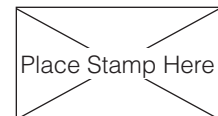
*Please indicate with an "X" in the appropriate spaces how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

Signed this day of 2010.

Signature/ Common Seal of Shareholder

Notes:-

- (i) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, then the proxy shall be an advocate or an approved company auditor or a person approved by the Companies Commission of Malaysia. The provision of Section 149(1)(b) of the Companies Act, 1965 shall apply to the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (iii) A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
- (iv) The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding this meeting or any adjournment thereof.



The Company Secretaries

NAGAMAS INTERNATIONAL BERHAD (111365-U)

Suite 11.1A, Level 11, Menara Weld

76 Jalan Raja Chulan

50200 Kuala Lumpur

MALAYSIA

