Finding A Way Around Obstacles

Annual Report
2009

UDS

UDS CAPITAL BERHAD 502246-P

Finding a Way Around Obstacles

Through the implementation of strategic plans, and with good guidance to steer us, UDS Capital Berhad manages to progress, despite obstacles which lie in our path. The twists and turns along the road only make us consolidate and grow stronger. With the help of our astute leadership who work together to provide direction, UDS shall emerge into new spheres of opportunity.

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DIRECTORS

Dato' Koh Low @ Koh Kim Toon
Executive Chairman

Neo Chee Kiat
Managing Director

Dato' Seri Tan King Tai @ Tan Khoon Hai
Executive Director

Neo Tiam Hock
Executive Director

Ng Sey Wee @ Ang Seh Wee
Executive Director

Hj Ismail Bin Tunggak @ Hj Ahmad
Independent Non-Executive Director

Ng Ah Leet @ Ah Heet
Non-Independent Non-Executive Director

Tan Kui Hwa
Independent Non-Executive Director

Koh Ru Ching
Independent Non-Executive Director

AUDIT COMMITTEE
Hj Ismail Bin Tunggak @ Hj Ahmad
Committee Chairman
Tan Kui Hwa
Koh Ru Ching

NOMINATION COMMITTEE
Hj Ismail Bin Tunggak @ Hj Ahmad
Committee Chairman
Tan Kui Hwa
Koh Ru Ching

REMUNERATION COMMITTEE
Hj Ismail Bin Tunggak @ Hj Ahmad
Committee Chairman
Dato' Seri Tan King Tai @ Tan Khoon Hai
Tan Kui Hwa

SECRETARY
Tan Wang Giap
MACS 00523

AUDITORS
John Lim & Associates
Chartered Accountants

PRINCIPAL BANKERS
Malayan Banking Berhad
Maybank Islamic Berhad
OCBC Bank (M) Berhad
Public Bank Berhad
AmBank (M) Berhad
AmIslamic Bank Berhad

SOLICITORS
Chris Lee & Partners

REGISTRARS
Plantation Agencies Sdn Berhad
Standard Chartered Bank Chambers,
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Pulau Mutiara.
Tel : 04-2625333
Fax : 04-2622018

REGISTERED OFFICE
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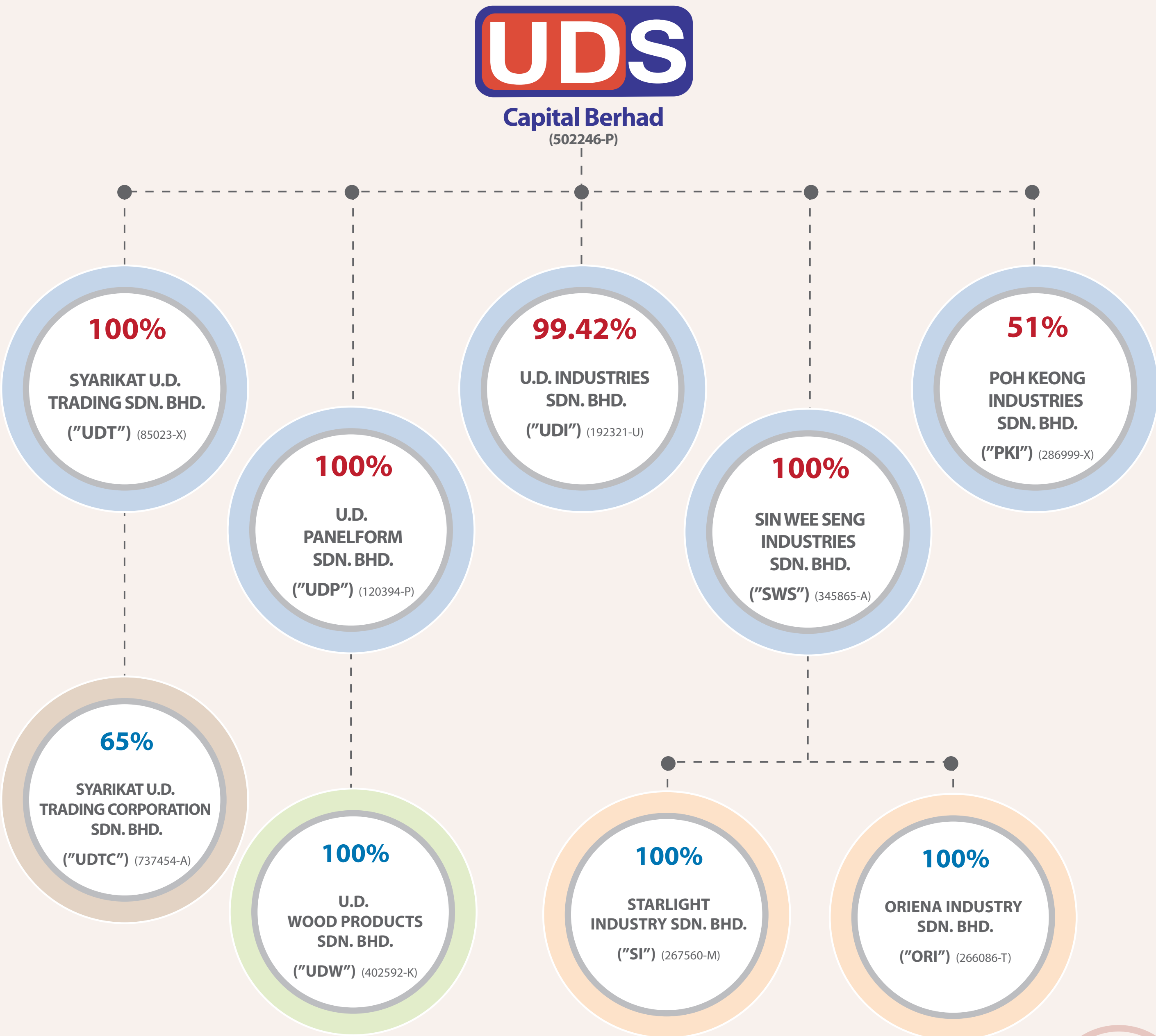
84000 Muar, Johor Darul Takzim.
Tel : 06-9541818
Fax : 06-9525823

PRINCIPLE PLACE OF BUSINESS
PTD 6001, Jalan Perindustrian 5,
Kawasan Perindustrian Bukit Bakri,
Batu 8, 84200 Muar,
Johor Darul Takzim.
Tel : 06-9865236
Fax : 06-9865239
Email : udholdings @ myjaring.net

STOCK EXCHANGE LISTING
Main Market of the
Bursa Malaysia Securities Berhad

WEBSITE
www.udscap.com

Corporate Structure



Chairman's Statement

We will be focusing on the objectives of improving cashflow, stabilising operations and developing a more comprehensive turnover strategy.

On behalf of the Board of Directors of UDS Capital Berhad ("the Board"), I am pleased to present you with the annual report and the audited financial statements of the Group and the Company, for the year ended 31 August 2009.

INDUSTRY TREND

Malaysian furniture exports decreased by 13.3% to RM4.92 billion for the 8 months ended 31 August 2009. USA remains the biggest export destination, contracted by 5.6% to RM1.41 billion, while export to Japan increased by 9% to RM0.50 billion during the period.

While almost all economic data confirm the worst has passed and the recession is largely over, the strength of the recovery remains debatable. The nascent signs of economic recovery are supported by gains in the financial markets, large liquidity, an environment of low interest rates and coordinated global stimulus programmes. However, there has been no consistency in any forward momentum. The existing home sales of the US seem to have reached the bottom and remain subdued. The outlook for new home sales and housing starts remains poor due to a high level of unsold inventories. The weak retail sales and low consumer confidence, by historical standards, together with the rising unemployment trend, will not augur well for sustained economic recovery in the near future.

CORPORATE DEVELOPMENT

The Company's wholly-owned subsidiary, Syarikat U.D. Trading Sdn Bhd has, on 15 September 2008, acquired an additional 14.0% equity stake in Syarikat U.D. Trading Corporation Sdn Bhd for a cash consideration of RM14,000. The result was that the equity interest increased to 65.0% from 51.0% previously.

The Company's wholly-owned subsidiary, U.D. Panelform Sdn Bhd has, on 29 May 2009, disposed its 100% equity interest in Evergreen Trend Sdn Bhd ("ETSB") for a cash consideration of RM100. ETSB has been dormant since 21 March 2007. The consideration was arrived at after taking into account the nominal net asset value of RM13 as at 31 March 2009. There was no material gain or loss arising from the disposal.

In line with the Group's strategies to realise non-core assets into cash, its wholly-owned subsidiary, Syarikat U.D. Trading Sdn Bhd, has on 13 February 2009 completed the disposal of 2 plots of freehold 1 ½ storey shophouse situated at No. 28 & 30, Jalan Nilam 1/3, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor for a cash consideration of RM800,000, resulting in a gain of RM90,000.

Meanwhile, the Company's website address was changed to www.udscap.com on 7 September 2009. All Company announcements which were announced to Bursa Malaysia Securities Berhad will also be updated on the website.

PERFORMANCE AND FINANCIAL REVIEW

The Group's revenue for the year ended 31 August 2009 decreased to RM137.6 million compared to RM139.5 million recorded in the previous financial year. Exports sales increased by 13.6% to RM81.3 million. The higher exports achievement was due mainly to aggressive marketing strategies together with higher sales proceeds from the strengthening of USD against Ringgit Malaysia from the Group's upholstered furniture division.

Meanwhile, the local sales contribution was cushioned by the progress billing from the log-house construction project, totalling RM8.5 million. Hence, overall local sales dropped by RM17.1% to RM56.3 million during the financial year under review. The impact of the global recession and the prevailing economic uncertainty has resulted in weak retail sales and a low level of consumer confidence. This has translated into

lower sales volume for particleboards and market resistance to increased prices.

Cognisant of the dire economic situation, we managed to minimise the loss before taxation to RM4.4 million in the current financial year as compared to a loss of RM8.7 million in the previous year. The improvement was attributable to the cost containment measures such as reduction in material wastage, lowering the rejection rate and promoting increased efficiency implemented throughout the Group. The Group also managed to reduce its finance cost by 27.7% to RM1.5 million via a RM16.9 million reduction in borrowings to RM32.4 million as at 31 August 2009. We continue to stay lean and mean to maximise and optimise the overhead structure.

For the record, our receivables reduced by RM8.6 million to RM24.8 million while inventories reduced by RM15.7 million to RM22.3 million.

DIVIDENDS
The Board does not recommend any payment of dividends in respect of the financial year ended 31 August 2009.

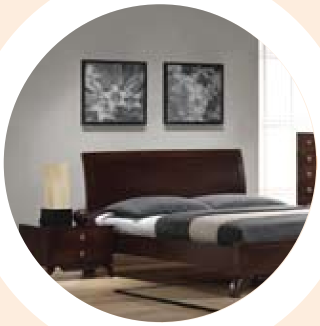
PROSPECTS
The OECD Composite Leading Index (CLI) which covers 29 countries in the OECD area continues to gain for the sixth month in August 2009 and is likely to break 100- point which signals that an expansion is underway. We expect a clearer signs of bottoming may be seen in the US, Europe and Japan during the second half of 2010.

Given the above scenario, we will continue to undertake strategic, financial and operational reviews to identify any areas of underperformance, and work with management to implement strategies to improve overall performance of the business. We will be focusing on the objectives of improving cashflow, stabilising operations and developing a more comprehensive turnover strategy. Particularly, we will continue to pursue initiatives to improve operational efficiency and develop value-added products.

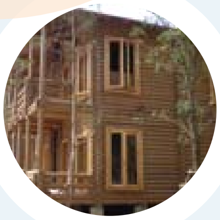
APPRECIATION
On behalf of the Board, I wish to express our sincere gratitude and appreciation to our management team and employees who have contributed significantly to the performance of the Group.

I also appreciate the longstanding support, co-operation and guidance of our valued customers, suppliers, business associates, bankers, shareholders and regulatory authorities for their confidence and support of the Board and management team.

Chairman's Statement (Continued)



We will continue to pursue initiatives to improve operational efficiency.



The Board and I wish to extend our sincere appreciation to Mr. Teh Eng Aun and En. Khairilanuar Bin Abdul Rahman for their services.

Moving forward, I would like to take this opportunity to welcome Mr. Tan Kui Hwa and Ms. Koh Ru Ching, to the Board. We look forward to a mutually beneficial collaboration for the progress of the Group.

And finally, I would like to extend my appreciation to my fellow members of the Board. Your collective support and encouragement together with the valuable advice has been the beacon that has taken us through this challenging period.

Y. Bhg. Dato' Koh Low @ Koh Kim Toon
Group Executive Chairman
08 December 2009

Directors' Profile

Dato' Koh Low @ Koh Kim Toon
Executive Chairman

Aged 57, a Malaysian, was appointed as the Executive Chairman on 30 November 2003. He is the founder of UDT and is presently the Managing Director of UDI, UDP and UDW. He has more than 26 years of experience and expertise in the furniture industry. His vision and stewardship over the past years has taken the wood-based furniture, fixture and accessories division of UDS Group of Companies ("the Group") from a small scale manufacturer into its current position as one of the major lamination board manufacturers in Malaysia. He is currently responsible for overall business operation and strategic planning. He is the Adviser to the Muar Furniture Association. He also sits on the board of Emivest Berhad, and Teo Seng Capital Berhad which are listed on the Main Market of the Bursa Malaysia Securities Berhad ("BMSB") and a few other private limited companies. Dato' Koh Low @ Koh Kim Toon is a brother-in-law of Mr. Ng Ah Leet @ Ah Heet.

Neo Chee Kiat
Managing Director

Aged 39, a Malaysian, was appointed as the Managing Director on 30 November 2003. He assisted his father in the day-to-day marketing and sofa operation of Kim Seng sole proprietorship business in 1988 and later he joined SWS as a Director. With more than 20 years experience in the manufacturing of sofa furniture, he has steered SWS from a small-scale manufacturer to being one of the major sofa manufacturers and exporters in Malaysia. He is responsible for the overall business planning and marketing strategy of the upholstered furniture division of the Group. He is the Vice President of the Federation of Johor Furniture Manufacturers and Traders Association, Vice President of the Malaysian Furniture Industry Council and the Secretary General of the Muar Furniture Association. He also sits on the board of a few private limited companies. Mr. Neo Chee Kiat is the eldest son of Mr. Neo Tiam Hock who is also a major shareholder of the Company.

Dato' Seri Tan King Tai @ Tan Khoon Hai
Executive Director

Aged 54, a Malaysian, was appointed as the Executive Director on 30 November 2003 and is presently a member of the Remuneration Committee as well as of the Employees' Share Option Scheme Committee. He is a member of The Institute of Certified Public Accountants, Ireland and is currently committee member of The Institute of Commercial and Industrial Accountants, Malaysia. He obtained his Master of Business Administration majoring in Accounting and Finance from Clayton University, Missouri, United States of America, in 1999. He has over 30 years of experience in the fields of auditing, accounting and company secretarial services. He sits on the board of Pensonic Holdings Berhad, Unimech Group Berhad and Muar Ban Lee Group Berhad which are listed on the Main Market of BMSB. He also sits on the board of a few private limited companies. He has no family relationship with any other Directors or major shareholders of the Company.

Neo Tiam Hock
Executive Director

Aged 63, a Malaysian, was appointed as the Executive Director on 30 November 2003. He is the founder of SWS. He has more than 44 years of experience and expertise in the furniture industry, which has helped the Group in the growth of its upholstered furniture division. He is responsible for the overall business operation of the upholstered furniture division of the Group. He also sits on the board of a few private limited companies. Mr. Neo Tiam Hock is the father of Mr. Neo Chee Kiat.

Ng Sey Wee @ Ang Seh Wee
Executive Director

Aged 63, a Malaysian, was appointed as the Executive Director on 30 November 2003. He has approximately 14 years of working experience in the furniture industry and is involved in the daily operations of the wood-based furniture, fixture and accessories division of the Group. His responsibility includes sourcing of raw materials, marketing and management of the wood-based furniture, fixtures and accessories division. He also sits on the board of a few private limited companies. He has no family relationship with any other Directors or major shareholders of the Company.

Directors' Profile (Continued)

Ng Ah Leet @ Ah Heet
Non-Independent Non-Executive Director

Aged 61, a Malaysian, was appointed as the Non-Independent Non-Executive Director on 1 March 2006. He has approximately 33 years experience in marketing and administrative experience in the motor vehicles business as well as in the plastics industry. He sits on the board of few other private limited companies. Mr. Ng Ah Leet is a brother-in-law of Dato' Koh Low @ Koh Kim Toon who is also a major shareholder of the Company.

Tan Kui Hwa
Independent Non-Executive Director

Aged 36, a Malaysian, was appointed as the Independent Non-Executive Director on 21 April 2009, and is presently a member of the Audit Committee, Nomination Committee and Remuneration Committee. He graduated from the Institute of Art with a Diploma in Interior Design in 1988. He started his career by venturing into interior design business since then. He is currently a council member of Youth Division of Chinese Chamber of Commerce, Muar. He also sits on the board of a few private limited companies. He has no family relationship with any other Directors or major shareholders of the Company.

Koh Ru Ching
Independent Non-Executive Director

Aged 30, a Malaysian, was appointed as the Independent Non-Executive Director on 7 September 2009 and is presently a member of the Audit Committee and the Nomination Committee. She obtained her Bachelor of Commerce degree from the University of Tasmania, Australia in 2000. She has also been a member of Certified Practising Accountants in Australia and a member of the Malaysian Institute of Accountants since 2004. She joined the accounting practice of SC Lim, Ng & Co in Muar as auditor since 2001 and is presently the audit manager of the firm. She has no family relationship with any other Directors or major shareholders of the Company.

Hj Ismail Bin Tunggak @ Hj Ahmad
Independent Non-Executive Director

Aged 59, a Malaysian, was appointed as the Independent Non-Executive Director on 30 November 2003 and is presently the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee. He was the Head of POS Malaysia & Services Holdings Berhad (previously known as Jabatan Perkhidmatan POS / POS Malaysia Bhd.), Bukit Pasir from 1976 to 1983 and Sungai Mati from 1983 to 1987. He was the Penghulu of Mukim Sri Menanti from 1987 to 1997 and of Mukim Tangkak from 1997 to 2002 before holding the post of Penghulu of Mukim Parit Bakar since 2002. He is also a committee member of several government agencies. He sits on the board of Muar Ban Lee Group Berhad which is listed on the Main Market of BMSB He has no family relationship with any other Directors or major shareholders of the Company.

Conflict of Interest
None of the Directors has any conflict of interest with the company.

Conviction of Offence
None of the Directors has been convicted of any offence within the past 10 yearsother than traffic offences.

Statement of Corporate Governance

The Board of the Company recognises that the practice of good corporate governance in conducting the business and affairs of the Group is derived from integrity, transparency and professionalism are key components for the Group's continued growth and success. These will not only safeguard and enhance shareholders' value but will at the same time ensure that the interests of other stakeholders are protected.

The Board, to the best of its knowledge, has applied the Principles, and the extent to which it has complied with the Best Practices is as set out in part 1 and part 2 of the Malaysian Code on Corporate Governance (Revised 2007) ("the Code") throughout the financial year ended 31 August 2009.

DIRECTORS

1) The Board and Board Balance

The Board consists of nine members comprising five executive directors and four non-executive directors. Three of the nine directors are independent directors. The Board has complied to the Listing Requirements of BMSB that at least two or one-third of the Board, whichever is higher, consists of independent directors.

To ensure that there is a balance of power and authority, the Chairman is primarily responsible for the orderly conduct and effectiveness of the Board whilst the Managing Director and Executive Directors are responsible for the operating units, organisational effectiveness and implementation of Board policies and decisions.

In accordance with the requirements of the Code, An Independent Non-Executive Director was appointed as the Chairman of the Audit Committee to deal with issues regarding the Company where the same may not be appropriately dealt with by the Company. The role of the Independent Non-Executive Directors are particularly important as they provide robust and independent view, advice and true and fair judgement which take into account the long term interest, not only of the Group but also of shareholders, employees and other stakeholders of the Company.

2) Attendance at Meetings

The Board held a total of four meetings during the financial year. The details of attendance are as follows:-

Director	Attendance
Executive Directors	
Dato' Koh Low @ Koh Kim Toon	4 of 4
Neo Chee Kiat	4 of 4
Dato' Seri Tan King Tai @ Tan Khoon Hai	4 of 4
Neo Tiam Hock	4 of 4
Ng Sey Wee @ Ang Seh Wee	4 of 4
Non-Executive Directors	
Hj Ismail Bin Tunggak @ Hj Ahmad	4 of 4
Ng Ah Leet @ Ah Heet	3 of 4
Tan Kui Hwa (Appointed on 21 April 2009)	2 of 2
Koh Ru Ching (Appointed on 7 September 2009)	0 of 0
Teh Eng Aun (Resigned w.e.f 24 June 2009)	2 of 3
Khairilanuar Bin Abdul Rahman (Resigned w.e.f 16 February 2009)	0 of 2

3) Supply of Information

The Board recognises that the decision making process is highly dependent on the quality of information furnished. As such, Board members have full and unrestricted access to all information pertaining to the Group's business and affairs. All Directors are provided with an agenda and a set of Board papers prior to each Board meeting. This allows the Directors to obtain further explanations and clarifications, where necessary, in order to be properly briefed before each meeting. The Directors have access to the advice and service of the Company Secretary and where necessary, obtain independent professional advice at the Company's expense in the furtherance of their duties. The Company Secretary's role is to ensure that the Board's policies, procedures and any statutory and regulatory requirements pertaining to a director's duties and responsibilities are complied with and all proceedings of the Board are recorded in writing for the effective functioning of the Board.

Statement of Corporate Governance (Continued)

4) Appointment and Re-election

In accordance with the Company Articles of Association, directors who are appointed by the Board to fill a casual vacancy shall hold office only until the next Annual General Meeting ("AGM") and shall then be eligible for re-election. The Articles also provide that one-third or the number nearest to one-third of the directors shall retire from office at every AGM and if eligible, may offer themselves for re-election. Each director shall retire from office at least once in every three years in compliance with the Code.

5) Directors' Training

The Board oversees the training needs of its Directors. Directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate. Directors, especially newly appointed ones, are encouraged to visit the Group's operating centers to have an insight on the operations which would assist the Board to make effective decisions. All Board members have attended and completed the Mandatory Accreditation Programme as required by BMSB. Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates, in order to fulfill their duties as Directors. The details of relevant training attended by each director are disclosed in the Audit Committee Report herein.

6) Nomination Committee

The Nomination Committee was established by the Board on 25 October 2004, comprising three Independent Non-Executive Directors.

The members are:

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

Members
Tan Kui Hwa
(Independent Non-Executive Director)

Koh Ru Ching
(Independent Non-Executive Director)

The committee's key functions are to nominate and recommend candidates to the Board, to consider candidates for directorship proposed by the Directors or shareholders and to recommend membership of Board Committees. Its other responsibilities include the review of the structure, size and composition of the Board, including the ongoing effectiveness of the Board as a whole and the committees of the Board, and the contributions of each Director towards the effective functioning of the Board.

7) Remuneration Committee

The Remuneration Committee was established on 25 October 2004, comprising two Independent Non-Executive Directors and an Executive Director. The committee's primary responsibility is to recommend to the Board, the remuneration of Directors (executive and non-executive) in all its forms, drawing on outside advice if necessary. Nevertheless, the determination of remuneration packages of Directors is a matter for the Board as whole and individuals are required to abstain from discussion of their own remuneration.

The members are :

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

Members
Dato' Seri Tan King Tai @ Tan Khoon Hai
(Executive Director)

Tan Kui Hwa
(Independent Non-Executive Director)

Statement of Corporate Governance (Continued)

8) Employees' Share Option Scheme ("ESOS") Committee

ESOS Committee was established on 25 August 2004, comprising four senior executive staff and one Executive Director.

The members are :

Chairman
Lee Ing Tiong
(Group Financial Controller)

Members
Dato' Seri Tan King Tai @ Tan Khoon Hai
(Executive Director)
Melissa Soo Kim Wee
(Finance Manager)
Goh Miin Lih
(Admin Manager)
Kuo Lee Chuang
(Factory Manager)

The ESOS Committee shall be vested with such powers and duties as are conferred upon it by the Board including the powers :

- To administer the ESOS and to grant options in accordance with the bylaws.
- To recommend to the Board to establish, amend, and revoke bylaws, rules and regulations to facilitate the implementation of the ESOS.
- To construe and interpret the provisions hereof in the best interest of the Company.
- To exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Company.

Subject to the foregoing, the ESOS Committee shall exercise its discretion in such manner as it deems fit. However, the ESOS Committee has ceased its function as the ESOS expired on 12 September 2009.

9) Audit Committee

The Audit Committee was established on 22 December 2003. The Board has on 25 April 2008, resolved to adopt the Revised Terms of Reference for the committee to carry out its responsibilities and functions. The Terms of Reference are disclosed in the Audit Committee Report herein.

DIRECTORS' REMUNERATION

The determination of remuneration packages of the Directors are matters for the Board as a whole. The remuneration of the Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to govern the Group effectively.

The Board reviews the remuneration of the Directors annually upon recommendation from the Remuneration Committee whereby the respective Executive Directors are excluded from discussions and decisions on their own remuneration.

The details of the Directors' remuneration for the financial year under review are disclosed in Note 26 (c) of the Notes to the Financial Statement herein.

The Board has considered the Code's principles B III requiring the disclosure of details of the remuneration of each Director against the backdrop of compliance with a related disclosure required under the Listing Requirements of the BMSB, that is, the disclosure of an analysis of Directors' remuneration by application bands of RM50,000. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable for Directors' Remuneration are adequately served by the "band disclosures" made.

RELATIONSHIP WITH SHAREHOLDERS

The Group recognises the importance of keeping shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via annual reports, quarterly financial results, circulars to shareholders and the various announcements released from time to time.

The AGM is the principal forum for dialogue with shareholders. Besides the usual agenda for the AGM, the Board presents the progress and performance of the business as contained in the annual report.

Statement of Corporate Governance (Continued)

RELATIONSHIP WITH SHAREHOLDERS (Continued)
The shareholders are presented with the opportunity to participate in question and answer sessions with the Directors. Members of the Board as well as the Auditors of the Company are present to provide responses to questions from the shareholders during these meetings.

Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement on the proposed resolution.

The Board has appointed Hj Ismail Bin Tunggak @ Hj Ahmad as a Senior Independent Non-Executive Director to whom concerns may be conveyed.

ACCOUNTABILITY AND AUDIT

1) Financial Reporting
The Board is responsible to present a balanced, clear and comprehensive assessment of the Group's financial performance and prospects through the quarterly and annual financial statements to shareholders. The Board and the Audit Committee have to ensure that the financial statements are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. The Board considers that in preparing the financial statements and announcements, the Group has used appropriate accounting policies and standards, consistently applied and supported by reasonable judgments and estimates.

2) Internal Control
The Board acknowledges its responsibility for establishing a sound system of internal control to safeguard shareholders' investment and the Group's assets, as well as to provide reasonable assurances on the reliability of the financial statements. In addition, equal priority is given to financial controls, operational and compliance controls as well as risk management. While the internal control system is devised to cater to the particular needs of the Group and the risk, such controls by their nature can only provide reasonable assurance but not absolute assurance against unintended material misstatement or loss. The Group has in place an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the Group. The Board reviews the adequacy and integrity of the Group's system of internal controls on a continuous basis.

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

The Audit Committee met with the auditors without the presence of the Executive Directors twice during the financial year ended 31 August 2009.

Audit Committee Report

The Audit Committee ("the Committee") was established by the Board as the prime body to ensure a high standard of corporate responsibility, integrity and accountability to shareholders.

The Committee members, of whom all are Independent Non-Executive (and their respective designations), who have served during the financial year ended 31 August 2009 are as follows:-

Member	Designation
Hj Ismail Bin Tunggak @ Hj Ahmad	Chairman (Re-designated on 24 June 2009)
Tan Kui Hwa	Member (Appointed on 21 April 2009)
Koh Ru Ching	Member (Appointed on 7 September 2009)
Teh Eng Aun	Chairman (Resigned w.e.f 24 June 2009)
Khairilanuar Bin Abdul Rahman	Member (Resigned w.e.f 16 February 2009)

TERMS OF REFERENCE

1) Objectives

The principal objective of the Committee is to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Group. In addition, the Committee shall also oversee compliance with laws and regulations and observance of a proper code of conduct.

2) Composition

The member of the Committee shall be appointed by the Board from amongst the Directors and shall consist of not fewer than three members, of whom a majority shall be independent directors and all members shall be Non-Executive Directors.

All members of the Committee shall be financially literate and at least one member of the Committee must fulfill the Paragraph 15.10(1)(c) of the Listing Requirement of BMSB.

The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Director. No alternate director shall be appointed as a member of the Audit Committee. Any vacancy which affects the composition must be filled up within three months.

3) Authority

The Committee is authorized by the Board to investigate any activities within its terms of reference and shall have unlimited access to external auditors as well as the employees of the Group. All employees are directed to co-operate with any request made by the Committee.

The Committee shall have the authority to obtain independent legal or other professional advice as it considers necessary.

It shall also have the power to establish Sub-Audit Committee to carry out certain investigations on behalf of the Committee and such manner, as the Committee shall deem fit and necessary.

4) Meetings

The Committee shall meet at least four times in a year, and such additional meetings as the Chairman shall decide in order to fulfill its duties. The agenda for the Committee meetings shall be circulated before each meeting to members of the Committee. Upon request of any of its members or the internal or external auditors, the Chairman of the Committee shall convene a meeting of the Committee.

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

5) Quorum

The quorum for the Committee meeting shall consist of two members of whom the majority of the members present shall be Independent Directors.

Audit Committee Report (Continued)

6) Attendance at Meetings

The Company Secretary shall be the Secretary of the Committee and shall be responsible for the coordination of administrative details including sending out notice of meetings, preparing and keeping minutes of meetings. The minutes of the Committee meetings are to be extended to the Board.

The head of finance, a representative of the outsourced internal auditors and a representative of the external auditors shall normally attend meetings. The Committee may invite any person to be in attendance to assist in its deliberations. Other Board members may attend meetings upon the invitation of the Committee. The Committee shall meet with the external auditors without executive board members present at least twice a year.

7) Duties and activities

The duties and responsibilities of the Committee shall be as follows and will cover the Company and its subsidiaries:

- Review and assess the adequacy and effectiveness of the system of internal control and accounting control procedures by reviewing the external auditors' management letters and management response.
- Consider the appointment of external auditors, their terms of appointment and reference and any questions of resignation or dismissal.
- Review the adequacy of the scope, functions, competency, resources of the internal audit functions and that it has the necessary authority to carry out its work.
- Review the quarterly results and year-end financial statements prior the Board's approval, focusing particularly on :-
    - any changes in or implementation of major accounting policies and practices.
    - significant adjustments and unusual events arising from the audit.
    - the going-concern assumption.
    - compliance with accounting standards, Listing Requirements of BMSB and other legal requirements.
- Review any related party transactions and conflict of interests situation that may arise within the Group including any transaction, procedure or course of conduct that raises question of management integrity.
- Review with the external auditors the nature and scope of their audit plan, prior to the commencement of audit work.
- Discuss the problems and reservations arising from the interim and final audits and any matter the external auditors may wish to discuss.
- Review the assistance and co-operation given by the officers of the Group to the external auditors.
- Review the allocation of ESOS to ensure that it is in compliance with the allocation criteria determined by the ESOS Committee and in accordance with the bylaws of the ESOS.
- Report promptly to BMSB if it is of the view that a matter reported by it to the Board not been satisfactorily resolved resulting in breach of the Listing Requirements.
- Carry out any other functions as may be determined by the Board from time to time.

MEETING AND ATTENDANCE

The Committee held a total of four meetings during the financial year under review. The details of attendance are as follows:-

Member	Attendance
Hj Ismail Bin Tunggak @ Hj Ahmad (Appointed on 24 June 2009)	4 of 4
Tan Kui Hwa (Appointed on 24 April 2009)	2 of 2
Koh Ru Ching (Appointed on 7 September 2009)	0 of 0
Teh Eng Aun (Resigned w.e.f 24 June 2009)	2 of 3
Khairilanuar Bin Abdul Rahman (Resigned w.e.f 24 June 2009)	0 of 2

Audit Committee Report (Continued)

DIRECTORS' TRAINING

The details of the relevant training sessions attended by each director during the current financial year are as follows :-

Training programmes attended	Date
Dato' Koh Low @ Koh Kim Toon	
2009 Budget Seminar	9-Sep-08
Weatheting the Challenges of Economic Slowdown	27-Mar-09
Neo Chee Kiat	
2009 Budget Seminar	9-Sep-08
Wooden Furniture Industry - Competitiveness and Sustainability	4-Aug-09
Dato' Seri Tan King Tai @ Tan Khoon Hai	
Transfer & Transmission of Shares under Various Circumstances	29-Nov-08
Dividend and Single Tier Rules	29-Nov-08
How the Recent Companies Act 2007 Affects Our Business Communities	16-May-09
Neo Tiam Hock	
2009 Budget Seminar	9-Sep-08
Understanding Islamic Banking & Its Financing Modes	17-Jun-09
Ng Sey Wee @ Ng Seh Wee	
2009 Budget Seminar	9-Sep-08
Understanding Islamic Banking & Its Financing Modes	17-Jun-09
Hj Ismail Bin Tunggak @ Hj Ahmad	
An Overview of Effective Detection and Prevention of Operational Frauds	18-May-09
Ng Ah Leet @ Ah Heet	
An Overview of Effective Detection and Prevention of Operational Frauds	18-May-09
Tan Kui Hwa	
Mandatory Accreditation Programme	18-Aug-09
Koh Ru Ching	
Mandatory Accreditation Programme	29-Dec-09

Audit Committee Report (Continued)

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Board of Directors acknowledges that it is responsible for maintaining a sound system of internal controls which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines to safeguard shareholders' investment and the Group's assets.

The Company has engaged an independent professional risk management company ("internal auditors") to assist the Company to strengthen its internal audit processes during the financial year. The internal auditors are engaged to provide independent assessments on the adequacy and effectiveness of the risk management, internal control and governance processes within the Group.

The Committee is assisted by the internal auditors in discharging its duties and responsibilities with respect to the adequacy and integrity of the system of internal controls within the Group. The internal auditors adopt a risk-based approach by focusing on:

- reviewing identified high risk areas for compliance with control policies and procedures; identifying business risks which have not been appropriately addressed; and

- evaluating the adequacy and integrity of controls.

The internal auditors carry out audit assignment based on an audit plan that is reviewed and approved by the Committee. The reports of the audits undertaken were forwarded to the Committee for deliberation and approval.

The internal auditors have carried out a limited risk assessment exercise with the key management of the Group to identify key auditable risk areas and developed a 3-year priority driven internal audit plan. They have undertaken a control assessment on marketing and purchasing functions of major subsidiaries of the Group during the financial year. The objective of assessment was to gain an understanding of the processes, identify risks associated with the processes and determine the existence of internal control system and its effectiveness.

The internal auditors have documented key findings from the internal audit carried out, discussed with key personnel on the recommendation for improvement in the internal controls and provided the Audit Committee with independent and objective reports on the state of the internal control and recommendations for improvements of the various operating units within the Group.

The expenditure incurred for the internal audit function for the current financial year was RM27,037.

ESOS STATEMENT

The allocation of the ESOS is disclosed in Note 17 (i) of the Notes to the Financial Statement herein.

None of the Non-Executive Directors was offered/ granted and exercised any options pursuant to the ESOS during the current financial year.

The Directors' options details are disclosed in the Directors' Report section of this annual report.

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year under review, the activities of the Committee included the following:-

- Review and discuss the memorandum of matters and issues raised by the external auditors and management's response to all pertinent issues and findings raised and noted by the external auditors during their audit of the financial statements, together with recommendations in respect of their findings.
- Review the audit planning memorandum prepared by the external auditors covering audit objectives and approach, audit plan, key audit area and relevant technical pronouncements and accounting standards.
- Review the interim unaudited and annual audited financial statements of the Group prior to recommending for approval by the Board.
- Review and discuss the Audit Committee Report and Statement on Internal Control for inclusion in the annual report.
- Brief the Board on any major issues discussed at the Committee meeting for further deliberation or decision as the case may be.
- Review the Internal Audit report.

Statement on Internal Control

INTRODUCTION

In compliance with Paragraph 15.27(b) of the Listing Requirements of BMSB and the Statement on Internal Control: Guidance for Directors of Public Listed Companies issued by the Institute of Internal Auditors Malaysia, the Board is pleased to provide the following statement, on the nature and scope on internal control of the Group for the financial year ended 31 August 2009.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the adequacy and integrity of the Group's system of internal control including the review of its effectiveness and establishment of an appropriate control environment and framework. The internal control system covers risk management, financial, operational, management information systems and compliance with relevant laws, rules, directives and guidelines.

The responsibilities of the Board in relation to the system extend to all subsidiaries of the Group. The internal control system is designed to ensure that the risks encountered by the Group's business in pursuit of its objectives are identified and managed at known and acceptable levels. Nevertheless, as with any internal control system, controls can only manage rather than eliminate the risk of failure and therefore can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.

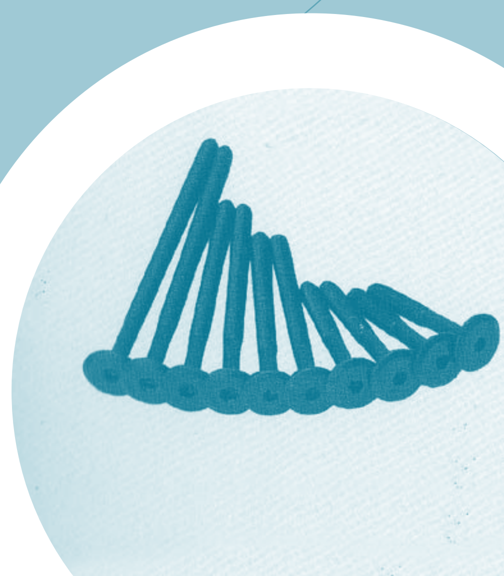
The Group continues to take measures of the adequacy and integrity of the system of internal control. The evaluation and management of significant risk are reviewed on a regular basis by the Audit Committee and the Board.

SYSTEM OF INTERNAL CONTROL

The Group maintains a system of internal control that serves to safeguard its assets; identify and manage risk; ensure compliance with statutory and regulatory requirements; and to ensure operational results are closely monitored and substantial variances are promptly explained.

Salient features of the internal control system framework are as follows:-

- Operating procedures that set out the policies, procedures and practices adopted by the Group are properly documented and communicated to staff member so as to ensure clear accountabilities. The effectiveness of internal control procedures are subject to continuous assessments, reviews and improvements.
- The organisational structure is well defined, with clear line of responsibilities and delegation of authorities. Key responsibilities are properly segregated.
- The Board meets regularly and is kept updated on the Group's activities and operations and significant changes in the business and external environment, if any, which may result in significant risks.
- Financial results are reviewed quarterly by the Board and the Audit Committee.
- Executive Directors and head of departments meet regularly to discuss operational, corporate, financial and key management issues.
- An effective reporting system, which provides for a documented and auditable trail of accountability to ensure timely generation of information for management review, has been put in place.



Statement on Internal Control (Continued)

INTERNAL AUDIT FUNCTION

The Board outsources its internal audit function to an independent professional risk management company ("internal auditors"). The internal auditors report directly to the Audit Committee and assist the Audit Committee in discharging its duties and responsibilities.

The internal audit team provides an independent assessment on the adequacy and effectiveness of the Group's internal control system. The internal audit focuses on regular and systematic reviews of the financial systems and operational internal control, in anticipating potential risk exposures over key business processes.

The internal auditors adopt a risk-based approach and prepare the audit plan based on the risk assessment and evaluation of the Group. The internal audit plan is reviewed and approved by the Audit Committee.

CONCLUSION

The Board is of the view that the system of internal control that had been implemented within the Group is sound and effective. The internal control procedures will be reviewed continuously in order to improve and strengthen the system to ensure ongoing adequacy, integrity and effectiveness so as to safeguard the Group's assets and shareholders' investments.

There were no material losses incurred during the financial year under review as a result of weaknesses in internal control. The management continues to take measures to strengthen the control environment.

This statement is made in accordance with a resolution of the Board of Directors.

Other Disclosure Requirements

Utilisation of Proceeds
No proceeds were raised by the Company during the financial year.

Share Buybacks
The Company has not engaged in any share buybacks arrangement during the financial year.

Options, Warrants or Convertible Securities
The Company has not granted any options, warrants or convertible securities to any parties to take up unissued shares in the Company during the financial year other than those disclosed in the Directors' Report.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme
The Company has not sponsored any ADR or GDR programme during the financial year.

Sanctions and/ or Penalties
There were no public sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or management arising from any significant breach of rules/guidelines by the relevant regulatory bodies during the financial year.

Non-Audit Fees
Non-audit fees paid to the external auditors amounting to RM12,129 during the financial year.

Variation in Results
There was no material variation between the audited results for the financial year and the unaudited results previously announced.

Profit Guarantee
There were no profit guarantees given by the Company during the financial year.

Material Contracts
The Company has not entered into any material contracts with any Directors or substantial shareholders of the Company nor any persons connected to a Director or major shareholder of the Company during the financial year.

Recurrent Related Party Transactions
There were no significant recurrent related party transactions during the financial year.

Statement of Directors' Responsibility

The Directors are responsible for the preparation of financial statements for each financial year. They are reasonable for ensuring that these financial statements give a true and fair view of the state of affairs of the Group and the Company and the results and cash flow for the financial year then ended.

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

In preparing the financial statements, the Directors have selected appropriate accounting policies and applied them consistently.

They have general responsibilities for taking such steps as are reasonably available to them to safeguard the assets of the Group and the Company, to prevent and detect fraud and other irregularities.

Statement of Corporate Social Responsibility

The Group recognises the importance of fulfilling its corporate social responsibility towards the betterment of community, environment and workplace of its employees.

The Group recognises the importance of fulfilling its corporate social responsibility towards the betterment of community, environment and workplace of its employees.

Community
As an integral part of the communities in which we operate, the Group continues its effort in caring for the people in need, actively participating in and supporting different charity projects. During the year, the Group has contributed to various charity organisations around the towns which we have been operating in.

Environment
The Group is supportive of all efforts to reduce or dispose of wastage properly and to optimise efficiency in our operations. Employees are encouraged to participate in environmental activities and to develop keen awareness in the areas of concern. The Group ensured compliance with all environment laws and regulations. It continues to work closely with regulators and industry partners in providing technical expertise and support to identify areas of improvement for resources and waste management in our ground operations and offices. Measures taken include recycling waste materials and usage of electrical instead of fuel-consuming forklifts.

Workplace
The Group's success comes from people. The Group strives to ensure a creation of a safe and healthy working environment for its employees to work in. Our Occupational Safety and Health Committee are encouraged to invite qualified consultants or professionals to conduct testing and training to further improve the workplace and welfare of employees. The activities include regular fire drills training, health inspection and fire fighting equipment inspection.

FINANCIAL STATEMENTS

Directors' Report

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

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

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

RESULTS

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

DIVIDEND

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

EMPLOYEES' SHARE OPTION SCHEME ('ESOS')

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

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

Directors' Report (Continued)

EMPLOYEES' SHARE OPTION SCHEME ('ESOS') (Continued)
The salient features of the ESOS are as disclosed in note 17 (i) to the financial statements.

The summary of the movements of ESOS is as follows:

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

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

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

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

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

The summary of movements of warrants is as follows:

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

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

Directors' Report (Continued)

DIRECTORS

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

Dato' Koh Low @ Koh Kim Toon
Neo Chee Kiat
Dato' Seri Tan King Tai @ Tan Khoon Hai
Neo Tiam Hock
Ng Sey Wee @ Ang Seh Wee
Hj Ismail Bin Tunggak @ Hj Ahmad
Ng Ah Leet @ Ah Heet
Tan Kui Hwa (Appointed on 21.04.2009)
Koh Ru Ching (Appointed on 07.09.2009)
Teh Eng Aun (Resigned on 24.06.2009)
Khairilanuar Bin Abdul Rahman (Resigned on 16.02.2009)

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

REMUNERATION COMMITTEE

Remuneration committee comprises:

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

DIRECTORS' SHAREHOLDINGS

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

	Number of ordinary shares of RM0.50 each		
	01 September 2008	**Bought/sold**	**31 August 2009**
Direct interest			
Dato' Koh Low @ Koh Kim Toon	24,007,324	-	24,007,324
Neo Chee Kiat	5,858,210	-	5,858,210
Dato' Seri Tan King Tai @ Tan Khoon Hai	4,640,120	-	4,640,120
Neo Tiam Hock	6,336,896	-	6,336,896
Ng Sey Wee @ Ang Seh Wee	2,460,510	-	2,460,510
Ng Ah Leet @ Ah Heet	2,166,494	-	2,166,494

Directors' Report (Continued)

DIRECTORS' SHAREHOLDINGS (Continued)

	Number of ordinary shares of RM0.50 each		
	01 September 2008	Bought/sold	31 August 2009
Indirect interest			
Dato' Koh Low @ Koh Kim Toon	330,050	-	330,050
Neo Chee Kiat	10,000	-	10,000
Dato' Seri Tan King Tai @ Tan Khoon Hai	1,218,050	-	1,218,050
Neo Tiam Hock	7,331,518	-	7,331,518
Tan Kui Hwa	690,000	-	690,000

	Number of options over ordinary shares of RM0.50 each		
	01 September 2008	Granted/ Exercised	31 August 2009
Direct interest			
Dato' Koh Low @ Koh Kim Toon	225,372	-	225,372
Neo Chee Kiat	225,372	-	225,372
Dato' Seri Tan King Tai @ Tan Khoon Hai	225,372	-	225,372
Neo Tiam Hock	225,372	-	225,372
Ng Sey Wee @ Ang Seh Wee	225,372	-	225,372
Hj Ismail Bin Tunggak @ Hj Ahmad	135,223	-	135,223
Indirect interest			
Dato' Koh Low @ Koh Kim Toon	225,372	-	225,372
Neo Tiam Hock	355,586	-	355,586

Directors' Report (Continued)

DIRECTORS' SHAREHOLDINGS (Continued)

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than remuneration shown in note 26 (c) to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except as disclosed in note 31 to the financial statements.

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

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

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

Directors' Report (Continued)

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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

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

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

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

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

(d) No contingent or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

(e) In the opinion of the directors:

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year.

Directors' Report (Continued)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a) On 30 June 2008, a subsidiary company has entered into a Sale and Purchase Agreement to dispose two units of freehold warehouses with a carrying value of approximately RM710,000 for a total sale consideration of approximately RM800,000. The transaction has been completed during the financial year.

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

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

d) On 12 January 2009, a subsidiary company has entered into a Settlement Agreement to settle the outstanding balance owing by a vendor amounting to RM520,000 by acquiring two units of double storey semi-detached houses from the vendor concerned. The transaction has been completed during the financial year.

e) On 29 May 2009, a subsidiary company, U.D. Panelform Sdn. Bhd. has disposed its 100% equity interest in Evergreen Trend Sdn. Bhd. for a total consideration of RM100.

f) On 08 July 2009, a subsidiary company has entered into a Sale and Purchase Agreement to dispose a parcel of vacant freehold industrial land with a carrying value of approximately RM1,132,412 for sale consideration of approximately RM1,018,050. The transaction has been completed during the financial year.

SUBSEQUENT EVENT AFTER THE FINANCIAL YEAR

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

Directors' Report (Continued)

AUDITORS

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

Signed in accordance with a resolution of the directors.

Dato' Koh Low @ Koh Kim Toon
Director

Neo Chee Kiat
Director

Muar

Date: 24 November 2009

Statement By Directors

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

Signed in accordance with a resolution of the directors.

Dato' Koh Low @ Koh Kim Toon
Director

Neo Chee Kiat
Director

Date: 24 November 2009

Statutory Declaration

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

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

Dato' Koh Low @ Koh Kim Toon

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

Independent Auditors' Report

to the members of UDS Capital Berhad (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the accompanying financial statements of UDS Capital Berhad, which comprise the balance sheets as at 31 August 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 44 to 115.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Independent Auditors' Report (Continued)

to the members of UDS Capital Berhad (Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

Other Matters

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

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

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

Date: 24 November 2009

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

Phone : 06-9515317 / 9523513
Fax : 06-9545393
E-mail : johnlws@tm.net.my

Consolidated Balance Sheet

As at 31 August 2009

	Note	2009	2008
		RM	RM
ASSETS			
Non-current assets			
Property, plant and equipment	5	**44,873,355**	45,504,932
Prepaid lease payments	6	**2,322,449**	2,350,245
Investment properties	9	**3,437,000**	3,929,984
Other investments	10	**1,523,475**	1,523,475
		52,156,279	53,308,636
Current assets			
Inventories	11	**22,352,316**	38,065,193
Receivables	12	**24,784,241**	33,375,465
Tax assets	14	**1,003,657**	1,182,693
Fixed deposits with licensed banks	15	**2,822,136**	2,738,112
Cash and bank balances		**5,750,267**	4,644,619
Non-current asset held for sale	16	**1,150,412**	-
		57,863,029	80,006,082
TOTAL ASSETS		**110,019,308**	133,314,718
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	17	**63,252,750**	63,252,750
Reserves	18	**(6,956,736)**	(2,543,742)
		56,296,014	60,709,008
Minority interests		**2,552,673**	2,494,577
Total equity		**58,848,687**	63,203,585

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

Consolidated Balance Sheet (Continued)

As at 31 August 2009

	Note	2009	2008
		RM	RM
LIABILITIES			
Non-current liabilities			
Borrowings	19	**3,148,172**	4,245,983
Deferred taxation	21	**108,618**	112,351
		3,256,790	4,358,334
Current liabilities			
Payables	22	**18,669,415**	20,583,260
Tax liabilities	14	**17,103**	119,763
Borrowings	19	**29,227,313**	45,049,776
		47,913,831	65,752,799
Total liabilities		**51,170,621**	70,111,133
TOTAL EQUITY AND LIABILITIES		**110,019,308**	133,314,718

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

Consolidated Income Statement

For the Financial Year Ended 31 August 2009

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

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

Consolidated Statement of Changes in Equity
For the Financial Year Ended 31 August 2009

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

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

Consolidated Cash Flow Statement

For the Financial Year Ended 31 August 2009

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

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

Consolidated Cash Flow Statement (Continued)

For the Financial Year Ended 31 August 2009

	Note	2009	2008
		RM	RM
Income tax paid	14	**(271,732)**	(238,727)
Income tax refund	14	**365,125**	1,038,120
Interest paid		**(1,465,636)**	(2,026,933)
Net cash from/(used in) operating activities		**18,208,323**	(388,920)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional investment in a subsidiary company		**(14,000)**	-
Cash flow from disposal of a subsidiary company net of cash and cash equivalents disposed	29	**(1,913)**	-
Purchase of property, plant and equipment	30(a)	**(2,020,656)**	(2,167,181)
Dividend received		**39,863**	72,317
Proceeds from disposal of investment property		**800,000**	-
Proceeds from disposal of property, plant and equipment		**1,037,293**	1,747,715
Net cash used in investing activities		**(159,413)**	(347,149)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net changes in short term borrowings		**(15,509,090)**	(2,173,586)
Repayment of term loans		**(696,437)**	(1,070,212)
Repayment of hire purchase payables		**(763,836)**	(941,513)
Withdrawal of fixed deposits		**-**	2,709,052
Placement of fixed deposits		**(84,024)**	(490,010)
Interest received		**87,036**	162,925
Net cash used in financing activities		**(16,966,351)**	(1,803,344)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,082,559**	(2,539,413)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**2,719,649**	5,259,062
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	30(b)	**3,802,208**	2,719,649

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

Balance Sheet

As at 31 August 2009

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

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

Income Statement
For the Financial Year Ended 31 August 2009

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

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

Company Statement of Changes in Equity

For the Financial Year Ended 31 August 2009

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

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

Cash Flow Statement

For the Financial Year Ended 31 August 2009

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

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

Notes to the Financial Statements
- 31 August 2009

1. GENERAL

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

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

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

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Subsidiary companies

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

Notes to the Financial Statements (Continued)
- 31 August 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of consolidation

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

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

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

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

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

c) Investment in subsidiary companies

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

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

d) Goodwill

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

Notes to the Financial Statements (Continued)
- 31 August 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Goodwill (Continued)

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

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

e) Property, plant and equipment

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

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

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

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

f) Depreciation

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Depreciation (Continued)

The annual rates in use are as follows:

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

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

g) Investment properties

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

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

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

j) Receivables
Receivables are carried at anticipated realisable value.

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

Notes to the Financial Statements (Continued)

- 31 August 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Payables

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

l) Leases

i) Finance leases

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

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

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

ii) Operating leases

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

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

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

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

Notes to the Financial Statements (Continued)

- 31 August 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Income taxes

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

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

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

n) Provisions

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

o) Interest bearing borrowings

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

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

Notes to the Financial Statements (Continued)

- 31 August 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Interest bearing borrowings (Continued)

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

p) Currency translations

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Employee benefits

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

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

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

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

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

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

Notes to the Financial Statements (continued)
- 31 August 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Employee benefits (Continued)

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

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

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

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

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

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

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Financial instruments (Continued)

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

Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements.

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

t) Impairment of non-financial assets

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

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

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

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

Notes to the Financial Statements (Continued)

- 31 August 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) Impairment of non-financial assets (Continued)

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

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

u) Equity instruments

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

v) Other investments

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

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

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

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

x) Contingent liabilities

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

y) Cash flow statements

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

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

3.1 CHANGES IN ACCOUNTING POLICY

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

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

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

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

	For financial period beginning on or after
Amendments to FRS 1 and FRS 127 First-time adoption of Financial Reporting Standards; and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Joint Controlled Entity or Associate	01 January 2010

Notes to the Financial Statements (Continued)
- 31 August 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Key sources of estimation uncertainty (Continued)

(iv) Inventories obsolescence and inventories write down (Continued)
The carrying amount of the Group's inventories as at 31 August 2009 was RM22,352,316 (2008 - RM38,065,193).

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

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

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

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

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

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

5. PROPERTY, PLANT AND EQUIPMENT

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

Notes to the Financial Statements (Continued)

- 31 August 2009

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group

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

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

Notes to the Financial Statements (Continued)

- 31 August 2009

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group

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

Notes to the Financial Statements (Continued)

- 31 August 2009

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group

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

Notes to the Financial Statements (Continued)
- 31 August 2009

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	2009	2008
	RM	RM
Net carrying amount		
a) Property, plant and equipment acquired by mean of hire purchase plans:		
Motor vehicles	**1,012,707**	1,756,362
Plant, machinery and equipment	**454,775**	1,650,680
	1,467,482	3,407,042
b) Property, plant and equipment pledged for banking facilities granted to subsidiary companies as disclosed in note 19:		
Freehold buildings	**11,978,418**	13,654,763
Freehold land	**4,698,986**	4,698,986
Long leasehold buildings	**8,589,505**	7,227,344
	25,266,909	25,581,093
c) Property, plant and equipment carried at valuation:		
Freehold land	**1,071,605**	1,071,605
Had this property, plant and equipment been carried at cost:		
Freehold land	**575,643**	575,643

Notes to the Financial Statements (Continued)
- 31 August 2009

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Signboard 2009	2008
	RM	RM
At 31 August		
At cost		
At beginning and end of the financial year	**10,797**	10,797
Accumulated depreciation		
At 01 September	**4,770**	3,690
Depreciation charge for the financial year	**6,027**	1,080
At 31 August	**10,797**	4,770
Net carrying amount		
At 31 August	-	6,027

Notes to the Financial Statements (Continued)

- 31 August 2009

6. PREPAID LEASE PAYMENTS

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

7. INVESTMENT IN SUBSIDIARY COMPANIES

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

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

Name	Gross equity interest 2009	2008	Principal activities
	(%)	(%)	
Syarikat U.D. Trading Sdn. Bhd.	**100.00**	100.00	Dealing of furniture, plywood, small hardware, parts, equipment and construction materials
U.D. Industries Sdn. Bhd.	**99.42**	99.42	Staples, nails and polyethylene foam manufacturing
U.D. Panelform Sdn. Bhd.	**100.00**	100.00	Furniture manufacturing and lamination

Notes to the Financial Statements (Continued)

- 31 August 2009

7. INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

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

Name	Gross equity interest 2009	2008	Principal activities
	(%)	(%)	
Sin Wee Seng Industries Sdn. Bhd.*	**100.00**	100.00	Settee and sofa manufacturing
Poh Keong Industries Sdn. Bhd.*	**51.00**	51.00	Furniture and parts manufacturing
Subsidiary companies of U.D. Panelform Sdn. Bhd.			
U.D. Wood Products Sdn. Bhd.	**100.00**	100.00	Veneered woods manufacturing
Evergreen Trend Sdn. Bhd.	-	100.00	Dormant and disposed during the financial year (note 29)
Subsidiary companies of Sin Wee Seng Industries Sdn. Bhd.			
Starlight Industry Sdn. Bhd. *	**100.00**	100.00	Property investment
Oriena Industry Sdn. Bhd.*	**100.00**	100.00	Property investment
Subsidiary company of Syarikat U.D. Trading Sdn. Bhd.			
Syarikat U.D. Trading Corporation Sdn. Bhd.	**65.00**	51.00	Log houses manufacturing and construction

* Not audited by John Lim & Associates

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

Notes to the Financial Statements (Continued)
- 31 August 2009

7. INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

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

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

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

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

8. INTANGIBLE ASSET

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

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

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

9. INVESTMENT PROPERTIES

	Group 2009 RM	2008 RM
At fair value		
At 01 September	**3,929,984**	3,969,984
Fair value adjustments	**217,016**	(40,000)
Disposals	**(710,000)**	-
	(492,984)	(40,000)
At 31 August	**3,437,000**	3,929,984
At fair value		
- Freehold land	**1,325,000**	1,244,984
- Freehold shophouse	**430,000**	350,000
- Freehold condominium	**140,000**	140,000
- Freehold warehouses	**-**	710,000
- Long leasehold land and buildings	**1,542,000**	1,485,000
	3,437,000	3,929,984

a) Investment properties with carrying amount of RM2,947,000 (2008 - RM3,265,000) are pledged for banking facilities granted to subsidiary companies as disclosed in note 19.

b) Long leasehold land with carrying amount of RM227,000 (2008 - RM240,000) is in the midst of being transferred to the name of a subsidiary company.

c) A subsidiary company has entered into agreement on 16 April 2007 with a third party to develop its freehold land with a carrying value of RM350,000 (2008 - RM284,984). As at balance sheet date, development has not been completed yet.

d) On 30 June 2008, a subsidiary company has entered into Sale and Purchase Agreement for the disposal of the freehold warehouses with a carrying value of RM710,000 for a total sale consideration of RM800,000 as disclosed in note 37(a).

Notes to the Financial Statements (Continued)
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9. INVESTMENT PROPERTIES (Continued)

e) The fair value of the investment properties of the Group at 31 August 2009 is determined by valuation carried out by Messrs. Rahim & Co., Colliers, Jordan Lee & Jaafar (M'cca) Sdn. Bhd. and VPC Alliance (Sabah) Sdn. Bhd., independent professional valuers, using comparison basis to reflect the market value. The valuers have relevant recognised professional qualification and have recent experience in valuing properties in the relevant locations.

f) The aggregate rental income and direct operating expenses arising from investment properties that generate rental income during the financial year are RM127,100 (2008 - RM126,000) and RM14,237 (2008 - RM11,100) respectively.

g) The aggregate direct operating expenses arising from investment properties that do not generate rental income during the financial year are RM960 (2008 - RM290).

10. OTHER INVESTMENTS

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

Notes to the Financial Statements (Continued)
- 31 August 2009

10. OTHER INVESTMENTS (Continued)

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

11. INVENTORIES

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

Notes to the Financial Statements (Continued)
- 31 August 2009

12. RECEIVABLES

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

Notes to the Financial Statements (Continued)
- 31 August 2009

12. RECEIVABLES (Continued)

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Other receivables, deposits and prepayments	**4,337,533**	7,333,563	**1,000**	1,000
Less:				
Allowance for doubtful debts				
- At 01 September	**342,768**	-	**-**	-
- Additions	**-**	342,768	**-**	-
- No longer required	**(342,768)**			
- At 31 August	**-**	342,768	**-**	-
	4,337,533	6,990,795	**1,000**	1,000
Total	**24,784,241**	33,375,465	**1,000**	1,000

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

b) Included in trade receivables are advance payments made to a supplier amounting to RM Nil (2008 - RM1,610,995). A Settlement Agreement has been entered into with the supplier for the settlement of the outstanding balance. The transaction has been completed during the financial year as disclosed in note 37(b).

c) Included in other receivables are:

   i) advance to a supplier for the supply of rubberwood amounting to RM592,830 (2008 - RM1,553,179). A settlement Agreement has been entered into with the supplier to settle part of the outstanding balance. The transaction has been completed during the financial year as disclosed in note 37(b).

   ii) amount owing by a vendor amounting to RM Nil (2008 - RM876,813) for the purchase of freehold land in prior financial years. During the financial year, the subsidiary company has entered into a Settle Agreement with the vendor to settle part of the outstanding balance amounting to RM520,000 by acquired two units of double storey semi-detached house from the vendor as disclosed in note 37(d).

Notes to the Financial Statements (Continued)
- 31 August 2009

12. RECEIVABLES (Continued)

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

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

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

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

13. AMOUNTS DUE BY SUBSIDIARY COMPANIES

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

Notes to the Financial Statements (Continued)
- 31 August 2009

14. TAXATION

a) Movements in the taxation statements are:

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

Notes to the Financial Statements (Continued)
- 31 August 2009

14. TAXATION (Continued)

b) The income tax expenses comprise:

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

Notes to the Financial Statements (Continued)

- 31 August 2009

14. TAXATION (Continued)

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

14. TAXATION (Continued)

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

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

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

d) The tax saving arising from the utilisation of previously unused capital allowances and tax losses amounted to approximately RM430,900 (2008 - RM700).

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

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

15. FIXED DEPOSITS WITH LICENSED BANKS

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

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

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

Notes to the Financial Statements (Continued)

- 31 August 2009

16. NOT-CURRENT ASSET HELD FOR SALE

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

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

17. SHARE CAPITAL

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

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

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

Notes to the Financial Statements (Continued)
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17. SHARE CAPITAL (Continued)

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

The salient features of the ESOS are summarised as follows:

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

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

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

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

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

hereinafter known as "Eligible Employees".

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

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

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

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

Notes to the Financial Statements (Continued)

- 31 August 2009

17. SHARE CAPITAL (Continued)

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

The salient features of the ESOS are summarised as follows: (Continued)

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

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

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

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

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

17. SHARE CAPITAL (Continued)

i) EMPLOYEES' SHARE OPTION SCHEME ('ESOS') (Continued)
The salient features of the ESOS are summarised as follows: (Continued)

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

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

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

The summary of the movements of ESOS are as follows:

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

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

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

Notes to the Financial Statements (Continued)
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17. SHARE CAPITAL (Continued)

ii) WARRANTS (Continued)

The main features of the warrants are as follows:

a) Each warrant entitles the registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price of RM0.80 per share, subject to adjustment in accordance with the provisions of the Deed Poll.

b) The warrants may be exercised at any time on or before the expiry date of ten (10) years from the issue date of the warrants on 02 December 2005. The warrants not exercised during the exercise period will thereafter become lapse and void.

c) All the new ordinary shares in the Company to be issued upon the exercise of the warrants shall, on allotment and issue, rank pari passu in all respects with the then existing ordinary shares of the Company except that they shall not be entitled to any dividends, that may be declared prior to the date of allotment and issue of the new shares, nor shall they be entitled to any distributions or entitlements for which the record date is prior to the date of exercise of the warrants.

The summary of movements of warrants are as follows:

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

18. RESERVES

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

Notes to the Financial Statements (Continued)
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19. BORROWINGS

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

Notes to the Financial Statements (Continued)
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19. BORROWINGS (Continued)

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

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

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

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

ii) Fixed deposits as disclosed in note 15.

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

d) The term loans are repayable as follows:

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

Notes to the Financial Statements (Continued)
- 31 August 2009

20. HIRE PURCHASE PAYABLES

	Group 2009	2008
	RM	**RM**
Due within one year	**408,309**	811,468
Less:		
Future finance charges	**(26,106)**	(52,881)
	382,203	758,587
Due after one year	**317,402**	704,185
Less:		
Future finance charges	**(11,946)**	(37,277)
	305,456	666,908
Future minimum lease payments:		
Not later than one year	**408,309**	811,468
Later than one year and not later than two years	**225,561**	512,370
Later than two years and not later than five years	**91,841**	191,815
Total future minimum lease payments	**725,711**	1,515,653
Less:		
Future finance charges	**(38,052)**	(90,158)
Present value of finance lease liabilities	**687,659**	1,425,495

Notes to the Financial Statements (Continued)
- 31 August 2009

20. HIRE PURCHASE PAYABLES (Continued)

	Group	
	2009	**2008**
	RM	**RM**
Analysis of present value of finance lease liabilities:		
Not later than one year	**382,203**	758,587
Later than one year and not later than two years	**216,172**	483,642
Later than two years and not later than five years	**89,284**	183,266
	687,659	1,425,495
Less:		
Amount due within twelve months (note 19)	**(382,203)**	(758,587)
Amount due after twelve months (note 19)	**305,456**	666,908

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

21. DEFERRED TAXATION

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

Group 2009	**Balance at 01 September 2008**	**Recognised in the income statement (Note 14)**	**Balance at 31 August 2009**
	RM	**RM**	**RM**
Deferred tax assets			
Allowance for doubtful debts	(23,255)	-	(23,255)
Reinvestment allowances	(131,771)	-	(131,771)
Unused tax losses	(238,156)	-	(238,156)
Unused capital allowances	(96,074)	-	(96,074)
	(489,256)	-	(489,256)

Notes to the Financial Statements (Continued)
- 31 August 2009

21. DEFERRED TAXATION (Continued)

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

Group 2009	**Balance at 01 September 2008**	**Recognised in the income statement (Note 14)**	**Balance at 31 August 2009**
	RM	**RM**	**RM**
Deferred tax liabilities			
Excess of property, plant and equipment's net carrying amount over their tax written down value	601,607	(3,733)	597,874
Deferred tax liabilities - net	112,351	(3,733)	108,618

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

Notes to the Financial Statements (Continued)

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21. DEFERRED TAXATION (Continued)

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

21. DEFERRED TAXATION (Continued)

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

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

22. PAYABLES

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

Notes to the Financial Statements (Continued)
- 31 August 2009

22. PAYABLES (Continued)

Group

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

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

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

23. REVENUE

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

Notes to the Financial Statements (Continued)

- 31 August 2009

24. COST OF SALES

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

25. OTHER INCOME

Other income comprise the following:

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

Notes to the Financial Statements (Continued)

- 31 August 2009

26. OPERATING LOSS

This is arrived at after inclusion of the following charges:

a)

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

Notes to the Financial Statements (Continued)

- 31 August 2009

26. OPERATING LOSS (Continued)

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

b) Addition information:

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

c) Directors' remuneration

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

Notes to the Financial Statements (Continued)
- 31 August 2009

26. OPERATING LOSS (Continued)

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

c) Directors' remuneration (Continued)

ii) Directors of the subsidiary companies

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

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

27. FINANCE COSTS

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

28. LOSS PER SHARE

a) Basic loss per share

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

	Group	
	2009	2008
	RM	RM
Loss attributable to ordinary equity holders of the Company	**(4,412,994)**	(7,339,523)

	2009	2008
	Units	Units
Number of ordinary shares in issue	**126,505,500**	126,505,500

	Group	
	2009	2008
	RM	RM
Basic loss per share	**(0.035)**	(0.058)

Notes to the Financial Statements (Continued)
- 31 August 2009

28. LOSS PER SHARE (Continued)

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

29. DISPOSAL OF A SUBSIDIARY COMPANY

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

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

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

Notes to the Financial Statements (Continued)

- 31 August 2009

30. CASH FLOW STATEMENTS

a) Purchase of property, plant and equipment

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

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

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

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

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

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

Notes to the Financial Statements (Continued)

- 31 August 2009

30. CASH FLOW STATEMENTS (Continued)

c) Non cash transactions

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

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

31. SIGNIFICANT RELATED PARTY DISCLOSURES

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

a) Identity of related parties

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

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

ii) Key management personnel

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

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

31. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

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

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

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

ii) Information regarding outstanding balances which are unsecured, arising from related party transactions as at 31 August 2009, is disclosed in note 13.

c) Compensation paid to key management personnel is disclosed in note 26(c).

Notes to the Financial Statements (Continued)
- 31 August 2009

32. STAFF COSTS

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

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

33. CONTINGENT LIABILITIES

UNSECURED

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

i) unspecified damages;

ii) the writ of seizure and sale proceedings ('WSS') which UDT obtained judgment in default on 02 October 2002 is void and illegal; and

iii) UDT be restrained from proceeding with the WSS.

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

Company

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

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

Notes to the Financial Statements (Continued)
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34. SEGMENTAL REPORTING - GROUP

Segment information

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

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

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

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

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

34. SEGMENTAL REPORTING - GROUP (Continued)

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

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

Notes to the Financial Statements (Continued)

- 31 August 2009

34. SEGMENTAL REPORTING - GROUP (Continued)

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

34. SEGMENTAL REPORTING - GROUP (Continued)

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

2008	Investment holding	Manufacturing	Property investment	Eliminations	Consolidated
	RM	RM	RM	RM	RM
REVENUE AND EXPENSES					
Revenue					
External sales	-	139,526,621	-	-	139,526,621
Dividend income	263,000	-	-	(263,000)	-
Inter-segment revenue	-	15,149,884	204,000	(15,353,884)	-
Total	263,000	154,676,505	204,000	(15,616,884)	139,526,621
Results					
Segment results	(1,646,990)	(6,740,349)	188,811	1,400,000	(6,798,528)
Finance costs	-	(2,026,933)	-	-	(2,026,933)
Finance income	-	119,944	-	-	119,944
Loss before taxation					(8,705,517)
Income tax expenses					1,004,827
Loss for the financial year					(7,700,690)
Attributable to:					
Equity holders of the Company					(7,339,523)
Minority interests					(361,167)
					(7,700,690)

Notes to the Financial Statements (Continued)

- 31 August 2009

34. SEGMENTAL REPORTING - GROUP (Continued)

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

2008	Investment holding	Manufacturing	Property investment	Eliminations	Consolidated
	RM	RM	RM	RM	RM
ASSETS AND LIABILITIES					
Segment assets #	189,409	124,041,632	7,900,984	-	132,132,025
Segment liabilities @	128,111	69,745,258	5,650	-	69,879,019
OTHER INFORMATION					
Capital expenditure					
- Property, plant and equipment	-	3,271,481	-	-	3,271,481
Amortisation of prepaid lease payment	-	27,795	-	-	27,795
Depreciation	1,080	3,231,214	36,691	-	3,268,985
Impairment loss on investment in subsidiary companies	1,400,000	-	-	(1,400,000)	-
Non-cash expenses other than amortisation and depreciation	-	1,068,119	40,000	-	1,108,119
					4,404,899

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

34. SEGMENTAL REPORTING - GROUP (Continued)

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

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

35. FINANCIAL RISK MANAGEMENT

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

a) Foreign currency risk

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

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

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

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

Notes to the Financial Statements (Continued)
- 31 August 2009

35. FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

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

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

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

Notes to the Financial Statements (Continued)

- 31 August 2009

35. FINANCIAL RISK MANAGEMENT (Continued)

c) Interest rate risk (Continued)

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

d) Liquidity risk

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

Notes to the Financial Statements (Continued)
- 31 August 2009

36. FAIR VALUES

Recognised

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

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

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

b) It is not practical to estimate the fair values of investment in subsidiary companies due to the constraints of timeliness and cost involved. However, at balance sheet date, the net assets of subsidiary companies are RM34,183,504 (2008 - RM38,719,900).

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

Notes to the Financial Statements (Continued)
- 31 August 2009

36. FAIR VALUES (Continued)

Unrecognised

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

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

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

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

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a) On 30 June 2008, a subsidiary company has entered into a Sale and Purchase Agreement to dispose two units of freehold warehouses with a carrying value of approximately RM710,000 for a total sale consideration of approximately RM800,000. The transaction has been completed during the financial year.

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

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

d) On 12 January 2009, a subsidiary company has entered into a Settlement Agreement to settle the outstanding balance owing by a vendor amounting to RM520,000 by acquiring two units of double storey semi-detached houses from the vendor concerned. The transaction has been completed during the financial year.

e) On 29 May 2009, a subsidiary company, U.D. Panelform Sdn. Bhd. has disposed its 100% equity interest in Evergreen Trend Sdn. Bhd. for a total consideration of RM100 as disclosed in note 29.

Notes to the Financial Statements (Continued)
- 31 August 2009

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Continued)

f) On 08 July 2009, the Company has entered into a Sale and Purchase Agreement to dispose a parcel of vacant freehold industrial land with a carrying value of approximately RM1,132,412 for sale consideration of approximately RM1,018,050. The transaction has been completed during the financial year.

38. SUBSEQUENT EVENT AFTER THE FINANCIAL YEAR

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

List of Material Properties

As at 31 August 2009

The Group's policy on revaluation of landed properties is as stated in Note 3(e) and 3(g) to the Financial Statements.

Address / Location	Description	Land Area	Existing Use	Tenure/ Age of Building	Net Book Value RM'000	Date of Revaluation / Acquisition
Lot PTD 4085, Kawasan Perindustrian Parit Jamil, 84150 Parit Jawa, Muar, Johor.	Industrial land with single-storey factory and detached double-storey office	1.6840 hectares	Sofas manufacturing facilities	Freehold / 7 years	7,569	29.01.99 (Date of Acquisition)
Lot 1789, GM1142, Mukim of Sungai Raya, District of Muar, Johor.	Industrial land with single-storey factory and detached double-storey office	1.9400 hectares	Furniture manufacturing facilities	Freehold / 3 years	4,753	24.11.04 (Date of acquisition)
Lot PTD 4084, Kawasan Perindustrian Parit Jamil, 84150 Parit Jawa, Muar, Johor.	Industrial land with single-storey factory	1.6840 hectares	Sofas manufacturing facilities	Freehold / 3 years	4,252	20.06.02 (Date of Acquisition)
Lot 8784, Batu 8, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Muar, Johor.	Industrial land with single-storey factory	5,501.58 sq. m	Furniture manufacturing facilities	99 years leasehold expiring in 29-12- 2094 / 6 years	3,353	07.06.02 (Date of Acquisition)
Lot 511, Kampung Teluk Wang, Jalan Batu Lintang, Sg Pasir, 08000 Sg Petani, Kedah.	Industrial land with single-storey detached factory and office	24,284 sq. m	Rented	Freehold / 18 years	2,909	31.03.06 (Date of acquisition)
Lot 8800, Batu 8, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Bukit Bakri, 84200 Muar, Johor.	Industrial land with single-storey factory and office block	8,217.00 sq. m	Office with coil nail & PE form manufacturing facilities	99 years leasehold expiring in 29-12-2094 / 6 years	2,844	13.07.01 (Date of Acquisition)

List of Material Properties (Continued)

As at 31 August 2009

Tenure/ Address / Location	Net Book Description	Date of Land Area	Existing Use	Age of Building	Value RM'000	Revaluation / Acquisition
Lot 8791, Batu 8, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Bukit Bakri, 84200 Muar, Johor.	Industrial land with 2 adjoining blocks of factory building with a three-storey office block	10,055.78 sq. m	Office with furniture manufacturing facilities	99 years leasehold expiring in 29-12-2094 / 12 years	2,811	31.05.00 (Date of Acquisition)
Lot 8792, Batu 8, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Bukit Bakri, 84200 Muar, Johor.	Industrial land with single-storey detached factory	2,321.00 sq. m	Warehouse	99 years Leasehold expiring in 29-12-2094 / 5 years	1,395	24.06.02 (Date of Acquisition)
Lot 171, Jalan 3, Kompleks Perabut Olak Lempit, 42700 Banting, Kuala Langat, Selangor.	Industrial land with double-storey office block cum single storey factory	4,046.85 sq. m	Office with furniture manufacturing facilities	99 years Leasehold expiring in 26-09-2087 / 10 years	1,296	07.05.02 (Date of Acquisition)
No 18, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor.	Double storey terrace warehouse cum office	990.90 sq. m	Warehouse cum office	Freehold / 15 years	1,187	07.05.00 (Date of Acquisition)

Analysis of Shareholdings

As at 30 November 2009

Principal Statistics

Authorised Share Capital	: RM100,000,000
Issued and Paid-up Share Capital	: RM63,252,750
Class of Shares	: Ordinary shares of RM0.50 each
Voting Rights	: One vote per ordinary share at any shareholders' meeting

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
less than 100 shares	9	0.41	301	0.00
100 to 1,000 shares	274	12.41	249,166	0.20
1,001 to 10,000 shares	1,162	52.63	6,133,842	4.85
10,001 to 100,000 shares	625	28.30	21,896,271	17.30
100,001 to less than 5% of issued shares	137	6.20	81,480,702	64.41
5% and above of issued shares	1	0.05	16,745,218	13.24
Total	**2,208**	**100.00**	**126,505,500**	**100.00**

ANALYSIS OF WARRANTS HOLDINGS AS AT 30 NOVEMBER 2009

Principal Statistics

No of warrants in issue	: 21,084,250 warrants
Exercise price of warrants	: RM0.80 per new ordinary share subscribed
Expiry date of warrants	: 01 December 2015
Voting Rights	: One vote per warrant at any warrantholders' meeting

DISTRIBUTION SCHEDULE OF WARRANTS HOLDINGS

Size of Warrants holdings	No. of Warrants holders	% of Warrants holders	No. of Warrants	% of Issued Warrants
less than 100 warrants	38	5.63	1,986	0.01
100 to 1,000 warrants	206	30.52	96,510	0.46
1,001 to 10,000 warrants	220	32.59	1,224,578	5.81
10,001 to 100,000 warrants	172	25.48	6,747,195	32.00
100,001 to less than 5% of issued warrants	38	5.63	11,264,581	53.42
5% and above of issued warrants	1	0.15	1,749,400	8.30
Total	**675**	**100.00**	**21,084,250**	**100.00**

Analysis of Shareholdings (Continued)

As at 30 November 2009

SUBSTANTIAL SHAREHOLDERS
(Based on the Register of Substantial Shareholders)

Name of Shareholders	No. of Shares Held Direct	No. of Shares Held Indirect	% of Issued Share Capital Direct	% of Issued Share Capital Indirect
Dato' Koh Low @ Koh Kim Toon	24,007,324	330,050[a]	18.98	0.26
Neo Tiam Hock	6,336,896	7,331,518[b]	5.01	5.80

DIRECTORS' SHAREHOLDINGS
(Based on the Register of Directors' Shareholdings)

Name of Directors	No. of Shares Held Direct	No. of Shares Held Indirect	% of Issued Share Capital Direct	% of Issued Share Capital Indirect
Dato' Koh Low @ Koh Kim Toon	24,007,324	330,050 [a]	18.98	0.26
Neo Tiam Hock	6,336,896	7,331,518 [b]	5.01	5.80
Neo Chee Kiat	5,858,210	10,000 [c]	4.63	0.01
Dato' Seri Tan King Tai @ Tan Khoon Hai	4,640,120	1,218,050 [d]	3.67	0.96
Ng Sey Wee @ Ang Seh Wee	2,460,510		1.94	
Ng Ah Leet @ Ah Heet	2,166,494		1.71	
Koh Ru Ching	7,000			
Tan Kui Hwa		690,000 [e]		0.55

Notes :
Deemed interesed by virtue of the Section 134(12)(c) of the Companies Act 1965

Name		Relationships	No of Direct Shares Held	% of Issued Share Capital
Tan Joh Chu	a	Spouse	60,000	0.05
Koh Tie Siang	a	Child	245,050	0.19
Koh Shih Hui	a	Child	25,000	0.02
Ng Lai Choo	b	Spouse	10,000	0.01
Neo Chee Kiat	b	Child	5,858,210	4.63
Neo Chee How	b	Child	739,154	0.58
Neo Chee Hsian	b	Child	724,154	0.57
Lim Hui Na	c	Spouse	10,000	0.01
Chan Mei Cheng	d	Spouse	1,218,050	0.96
Annie Tan	e	Spouse	690,000	0.55

Analysis of Shareholdings (Continued)

As at 30 November 2009

THIRTY LARGEST SECURITIES ACCOUNT - SHAREHOLDERS AS AT 30 NOVEMBER 2009

No	Name of Shareholders	No. of Shares Held	% of Issued Share Capital
1	KOH LOW @ KOH KIM TOON	16,745,218	13.24
2	NEO TIAM HOCK	5,086,896	4.02
3	SOH GOK LIAN	4,047,400	3.20
4	NEO CHEE KIAT	3,858,210	3.05
5	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PERINDASTRIAN MADAH SDN. BHD.	3,753,058	2.97
6	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH LOW @ KOH KIM TOON	3,424,211	2.71
7	NG SEY WEE @ ANG SEH WEE	2,460,510	1.94
8	NG AH LEET @ AH HEET	2,166,494	1.71
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KING TAI @ TAN KHOON HAI	2,161,700	1.71
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHNUAH FARN FARN (E-BMM)	2,011,500	1.59
11	NEO CHEE KIAT	2,000,000	1.58
12	PI SIU CHAN @ PEE KOON FOOI	1,705,228	1.35
13	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KING TAI @ TAN KHOON HAI (E-BMM)	1,551,500	1.23
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH LOW @ KOH KIM TOON	1,500,000	1.19
15	TSAI, MING-FANG	1,285,938	1.02
16	NEO TIAM HOCK	1,250,000	0.99
17	LEO HUA MOI	1,246,350	0.99
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH LOW @ KOH KIM TOON	1,235,500	0.98
19	HASSAN GANY BIN SULTHAN	1,197,900	0.95
20	TEE GEE SIA	1,141,750	0.90
21	KOO KEK	1,024,050	0.81
22	LOW CHONG HAI	1,000,000	0.79
23	CHONG GEENG LING	1,000,000	0.79
24	TAN HUI LUN	995,700	0.79
25	PHNUAH FARN FARN	937,500	0.74
26	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR TAN KING TAI @ TAN KHOON HAI (SMART)	920,700	0.73
27	CHUA LEE SENG	887,368	0.70
28	BO ENG CHEE	850,000	0.67
29	TAN KIM POO	755,844	0.60
30	NEO CHEE HOW	739,154	0.58

Analysis of Shareholdings (Continued)

As at 30 November 2009

THIRTY LARGEST SECURITIES ACCOUNT - WARRANTS HOLDERS AS AT 30 NOVEMBER 2009

No	Name of Warrants holders	No. of Warrants Held	% of Issued Warrants
1	PHNUAH FARN FARN	1,749,400	8.30
2	TAN KING TAI @ TAN KHOON HAI	913,129	4.33
3	FRANCIS CHAI KIM LUNG	900,000	4.27
4	ORCHID CITY SDN. BHD.	600,034	2.85
5	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD YAP KOK KEONG (T-1441016)	580,000	2.75
6	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAI YAM KOOI (M01)	546,400	2.59
7	PHNUAH FARN FARN	514,214	2.44
8	NEO TIAM HOCK	431,149	2.04
9	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEN SOON LEE	425,500	2.02
10	TEE GEE SIA	392,175	1.86
11	CHAN LEE YUEN	344,000	1.63
12	GOH CHUO CHAI	343,000	1.63
13	KOH SOO @ KOH KIM CHIU	342,900	1.63
14	KU KOK KIT	300,000	1.42
15	TEOH ENG HOE	300,000	1.42
16	KOH LOW @ KOH KIM TOON	255,180	1.21
17	KU KOK KIT	250,600	1.19
18	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KOON SENG	250,000	1.19
19	SO SIEW ENG	246,300	1.17
20	CHAN MEI CHENG	235,375	1.12
21	PERN HOCK SENG	230,000	1.09
22	CHING KEAN LAM	229,500	1.09
23	TEO KIM SOON	225,000	1.07
24	MOHAMAD SELAMAT BIN BAKIN	200,000	0.95
25	ECML NOMINEES (TEMPATAN) SDN. BHD PLEDGED SECURITIES ACCOUNT FOR TAI ENG HUAT (003)	200,000	0.95
26	LIEW YUEH MING	194,600	0.92
27	TING BEE TOO	185,025	0.88
28	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD ANG LIAN HUAY (T-1441041)	179,800	0.85
29	TEE GEOK CHONG	170,000	0.81
30	PERN HOCK SENG	150,000	0.71

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Tenth (10th) Annual General Meeting of UDS Capital Berhad (Company No. 502246-P) will be held at PTD 6001, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Batu 8, 84200 Muar, Johor Darul Takzim on Thursday, 28th day of January, 2010 at 11.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1 To receive the audited financial statements for the year ended 31 August 2009 and the Reports of the Directors and Auditors thereon. (Resolution 1)

2 To re-elect Directors retiring under the Company's Articles of Association

(a) Ng Sey Wee @ Ang Seh Wee	(Article 91)	(Resolution 2)
(b) Ng Ah Leet @ Ah Heet	(Article 91)	(Resolution 3)
(c) Tan Kui Hwa	(Article 96)	(Resolution 4)
(d) Koh Ru Ching (f)	(Article 96)	(Resolution 5)

3 To re-appoint Messrs. John Lim & Associates as auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as **Ordinary Resolution**:-

4 **Authority to Issue Shares**

"THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from the 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 Annual General Meeting (Continued)

5 To consider any other business for which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

Tan Wang Giap (MACS 00523)
Secretary

Muar, Johor Darul Takzim
6 January 2010

Notes:

1 A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2 Where a member appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.

3 The instrument appointing a proxy in the case of any individual shall be signed by the appointor or his attorney duly authorised in writing and in the case of a corporation under its common seal or under the hand of an officer or attorney duly authorised.

4 To be valid the proxy form must be duly completed and deposited at the registered office of the Company, No. 67, 2nd Floor, Room B, Jalan Ali, 84000 Muar, Johor, not less than forty eight (48) hours before the time for holding the meeting.

Explanatory Note on Special Business

5 The Ordinary Resolution 7 ,if passed, will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purpose as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

Statement Accompanying Notice of the Tenth (10th) Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of BMSB)

1. The Directors who are standing for re-election pursuant to the Company's Articles of Association are as follows:-

Ng Sey Wee @ Ang Seh Wee	(Article 91)
Ng Ah Leet @ Ah Heet	(Article 91)
Tan Kui Hwa	(Article 96)
Koh Ru Ching (f)	(Article 96)

2. Details of the profile of the above directors are set out in the Directors' Profile on page 7 to 8 of the Annual Report.

3. Details of the above directors' interest in the securities of the Company are set out in the Directors' Report on page 24 to 27 of this Annual Report.

4. The above directors' family relationship with other directors and/or substantial shareholder of the Company are disclosed in the Directors' Profile on page 7 to 8 of the Annual Report

5. None of the above directors have any conflict of interest in the Company.

6. None of the above directors have been convicted for offences within the past ten (10) years other than traffic offences, if any.

7. None of the above directors hold any directorship in any public listed company.

UDS CAPITAL BERHAD
(Company No. 502246-P)
(Incorporated in Malaysia under the Companies Act, 1965)

No. of Ordinary Shares held

PROXY FORM

I/We ____
(Full Name in Block Letters)

of ____
(Address)

being a Member/Members of the above named company hereby appoint the Chairman of the meeting or appoint

____
(Full Name in Block Letters)

of ____
(Address)

or failing him, ____
(Full Name in Block Letters)

of ____
(Address)

as *my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the Tenth Annual General Meeting of the Company, to be held at PTD 6001, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Batu 8, 84200 Muar, Johor on Thursday, 28th day of January, 2010, at 11.00 a.m. and, at every adjournment thereof to vote as indicated below:-

Resolution		For	Against
To receive the audited financial statements for the year ended 31 August 2009 and the Reports of the Directors and Auditors thereon.	Resolution 1		
To re-elect Directors retiring under the Company's Articles of Association:-			
(a) Ng Sey Wee @ Ang Seh Wee (Article 91)	Resolution 2		
(b) Ng Ah Leet @ Ah Heet (Article 91)	Resolution 3		
(c) Tan Kui Hwa (Article 96)	Resolution 4		
(d) Koh Ru Ching (f) (Article 96)	Resolution 5		
To re-appoint Messrs. John Lim & Associates as auditors of the Company and to authorise the Directors to fix their remuneration.	Resolution 6		
To empower the Directors to issue & allot shares up to 10% of the issued share capital of the Company.	Resolution 7		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion)

The proportions of my holding to be represented by my proxy/proxies are as follows:-

First named Proxy	%
Second named Proxy	%
	------------
	100 %
	======

In case of a vote taken by a show of hands, the First Proxy shall vote on *my/our behalf.

As witness my hand this ________day of ______________________ 2010

....
Signature of Shareholder or Common Seal

* Strike out whichever is not desired

Notes:
1 A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2 Where a member appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.
3 The instrument appointing a proxy in the case of any individual shall be signed by the appointor or his attorney duly authorised in writing and in the case of a corporation under its common seal or under the hand of an officer or attorney duly authorised.
4 To be valid the proxy form must be duly completed and deposited at the registered office of the Company, No. 67, 2nd Floor, Room B, Jalan Ali, 84000 Muar, Johor, not less than forty eight (48) hours before the time for holding the meeting.

fold here

fold here

STAMP

UDS CAPITAL BERHAD
(502246-P)

The Secretary,
No. 67, 2nd Floor, Room B, Jalan Ali,
84000 Muar,
Johor Darul Takzim

fold here