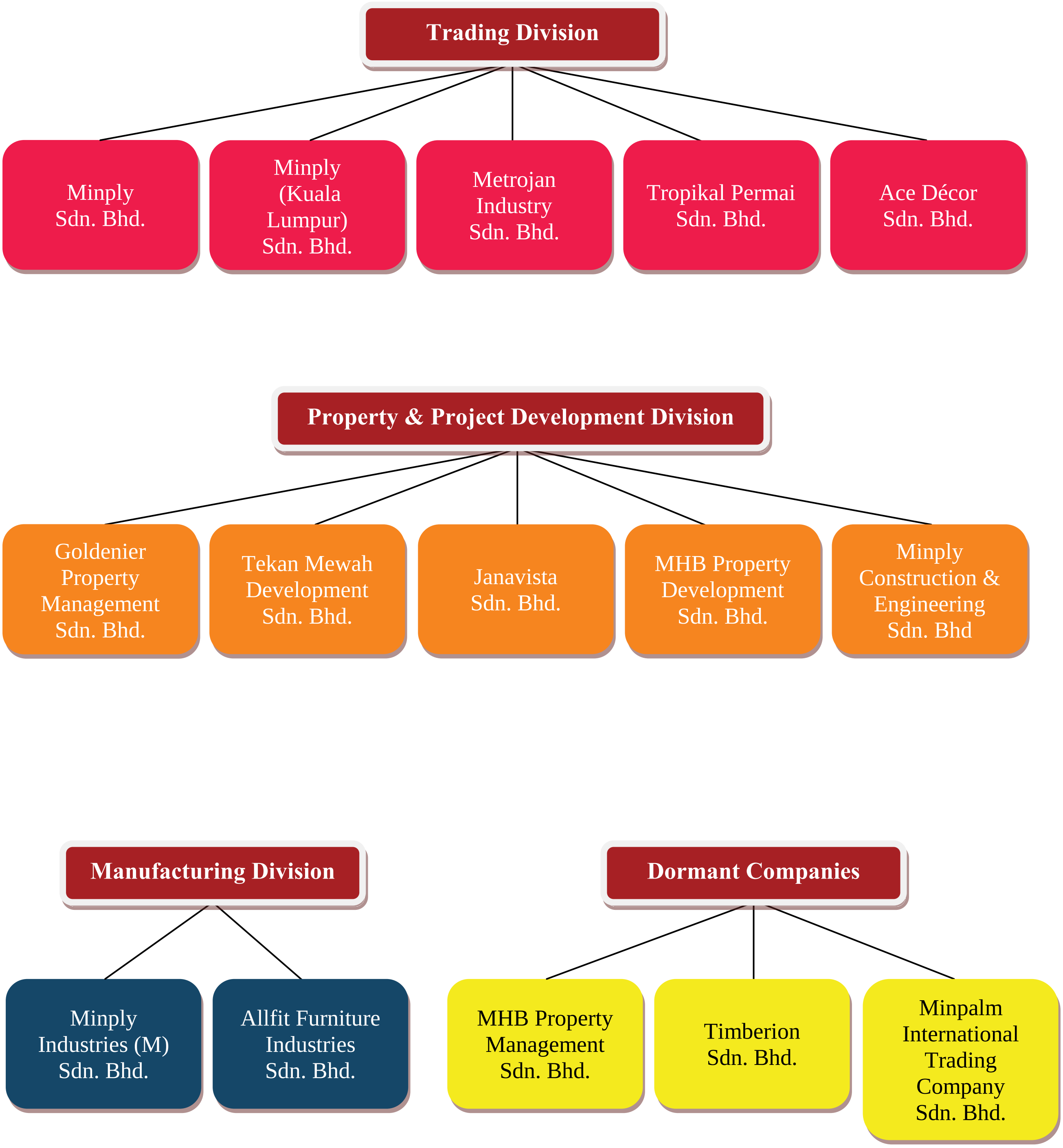
ANNUAL REPORT 2009

MIHB

MINPLY HOLDINGS (M) BERHAD
(325631-V)

CONTENTS

Corporate Structure



Corporate Information

BOARD OF DIRECTORS

Independent Non-Executive Chairman
Dato' Lee Gee Huy @ Lee Kong Fee

Managing Director
Dato' Tan Wei Lian

Executive Director
Tan Lee Chin

Independent Non-Executive Director
Chua Eng Chin
Kung Chook Fah

SECRETARY

Ng Bee Lian (f) (MAICSA 7041392)
Tan Enk Purn (MAICSA 7045521)

AUDIT COMMITTEE

Chua Eng Chin ***Chairman***
(Independent Non-Executive Director)

Lee Gee Huy @ Lee Kong Fee
(Independent Non-Executive Director)

REGISTERED OFFICE

No 482, Ground Floor,
Jalan Zamrud 6, Taman Ko-op,
70200 Seremban, Negeri Sembilan
Tel : 06-7679353
Fax : 06-7637202

NOMINATION COMMITTEE

Chua Eng Chin ***Chairman***
(Independent Non-Executive Director)

Lee Gee Huy @ Lee Kong Fee
(Independent Non-Executive Director)

REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela,
Pusat Bandar Damansara
Damansara Heights,
50490 Kuala Lumpur
Tel : 03-20849000
Fax : 03-20949940 / 20950292

REMUNERATION COMMITTEE

Lee Gee Huy @ Lee Kong Fee ***Chairman***
(Independent Non-Executive Director)

Chua Eng Chin
(Independent Non-Executive Director)

AUDITORS

Messrs Baker Tilly Monteiro Heng
(AF 0117)
22-1, Monteiro & Heng Chambers
Jalan Tun Sambanthan 3
50470 Kuala Lumpur
Tel No. 03-22748988
Fax No. 03-22601708

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
CIMB Bank Berhad

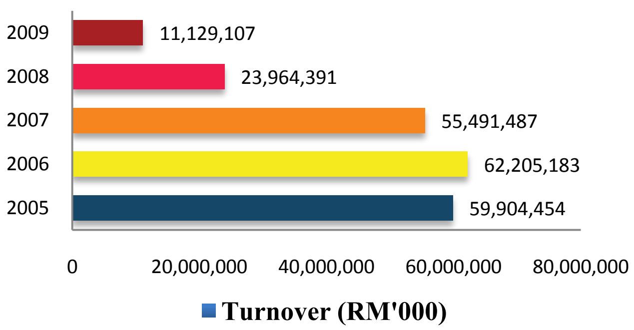
STOCK EXCHANGE LISTING

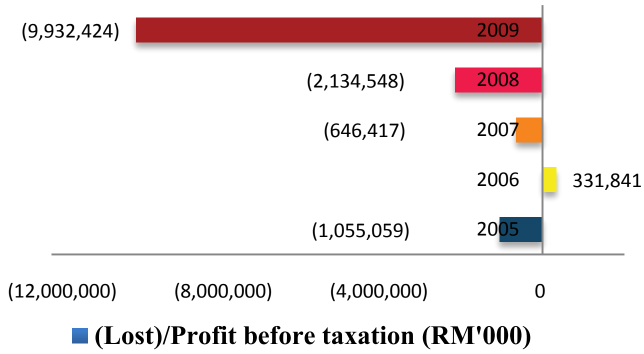
Main Market of the Bursa Malaysia

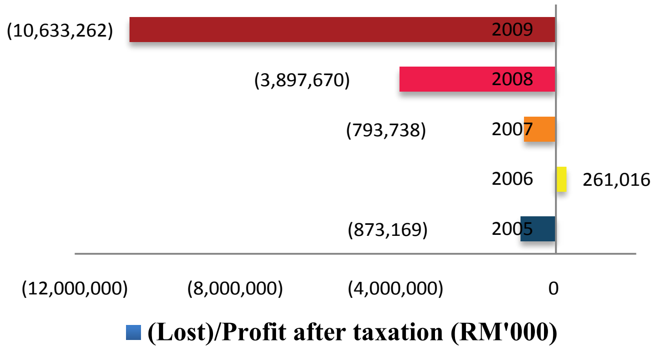
Financial Highlights

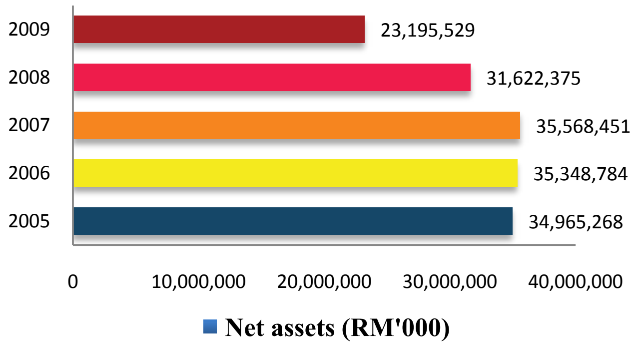
RM'000	2005	2006	2007	2008	2009
Turnover	59,904,454	62,205,183	55,491,487	23,964,391	11,129,107
(Loss)/Profit before taxation	(1,055,059)	331,841	(646,417)	(2,134,548)	(9,932,424)
(Loss)/Profit after taxation	(873,169)	261,016	(793,738)	(3,897,670)	(10,633,262)
Net assets	34,965,268*	35,348,784	35,568,451	31,622,375	23,195,529
Earning/(loss) per ordinary share (sen)	(1.98)	0.59	(1.82)	(8.85)	(19.20)

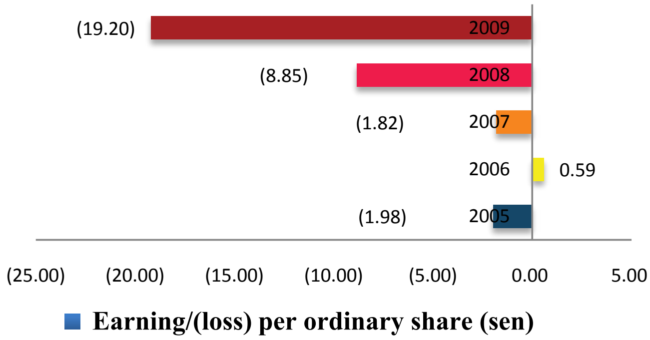
* *restated after adopting FRS 3*











Chairman's Statement

OVERVIEW

The year under review is certainly not a year of smooth sailing. The global economic slowdown resulting from record global prices for crude oil has adversely impacted on the local market and the increases in the prices of petroleum had adversely resulted the increasing of materials cost. However, the Malaysian economy has recovered from the global crisis and turned around to record a positive growth in the fourth quarter. Going forward, the improvement experienced in the second half of 2009 is expected to strengthen in 2010. Higher domestic demand, particularly private consumption spending, is expected given the stable labour market conditions, improved consumer and business confidence, and continued access to financing. Further improvements in external demand, following the gradual recovery in the global economy, is also expected to provide further impetus to the domestic economy.

GROUP PERFORMANCE REVIEW

For the financial ended 31 Dec 2009, the Group recorded a revenue of RM11.1 million and registered a loss before tax of RM9.9 million as compared to a revenue of RM23.9 million and a loss of RM2.1 million for the preceding financial year end. This represent a decline of RM12.8 million in revenue which was mainly attributed to lower sales volume at the trading division, manufacturing division and property development division. The lower revenue was mainly due to lack of working capital. In view of that, the Group has proposed to undertake the Proposed Right Issue with Warrants to enable the Group to raise funds for its working capital requirements, which are expected to contribute positively to the earnings potential of the Group in the future.

CORPORATE EXERCISE PROPOSAL

DETAILS OF THE PROPOSALS

Proposed Capital Reduction

The Proposed Capital Reduction will involve a cancellation of RM0.80 of the par value of every existing ordinary share of RM1.00 each in MHB pursuant to Section 64(1) of the Company Act 1965.

The total issued and paid up capital of the Company as at 31 December 2009 is RM44,000,000 comprising 44,000,000 MHB Shares. The total credit arising upon the reduction of the par value of MHB Shares is RM35.2 million. The entire credit arising from the par value cancellation will be utilised to offset the accumulated losses of MHB at the company level.

Chairman's Statement

Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants will be implemented after the completion of the Proposed Capital Reduction.

As part of MHB's capital management plan, the Group intends to raise a minimum of approximately RM1.645 million from the Proposed Rights Issue with Warrants to meet the immediate funding requirements of MHB Group based on the shareholders' irrevocable undertakings to subscribe in full their entitlements on the Rights Shares.

The Proposed Rights Issue with Warrants is expected to raise an estimated gross proceeds of up to RM26,400,000 based on the indicative issue price of RM0.20 per Rights Share.

Proposed Amendments

The present authorised share capital of the Company is RM100,000,000 comprising 100,000,000 Shares, of which 44,000,000 Shares have been fully paid-up as at 26 March 2010. The Proposed Amendments entails the consequential amendments to the M&A to facilitate the change in the par value of the MHB Shares from RM1.00 per share to RM0.20 per share resulting from the Proposed Capital Reduction

FUTURE PROSPECTS

The Board is optimistic that FY 2010 will be a brighter year, underpinning this optimism is a belief that the global and regional economies are in a recovery mode and will continue to strengthen further into next year. Domestically, the construction sector is already showing a small positive growth, driven by the stimulus packages being implemented by the Malaysian Government. The Group expects the engineering and construction activities to increase further from the economic recovery under a better overview and growth in property sector and ongoing construction activities under the second stimulus package. The Group intends to pursue and bid for jobs when opportunities arises

The Group's property development business is expected to benefit from the global economic recovery. New property sales for the Group are likely to expand amidst the present low interest rate environment and abundant liquidity.

The Group had entered the Joint Development Agreement to obtain the exclusive rights to construct and develop a piece of land located within a locality known as Sungai Buloh to develop into a housing project comprising of 127 units of 3-storey linked house. The gross development value for the development is estimated to be RM55 million and will provide an estimated profit of RM16 million to the Group over a period of two (2) years.

For the non-residential or commercial property, the Group will be developing a commercial development located in Lukut, Port Dickson, comprising of one supermarket and 107 units of two and three storey shop office. An anchor tenant have been secured for the supermarket. The gross development value for the development is estimated to be RM35 million and will provide an estimated profit of RM15 million to the Group over a period of two (3) years.

Moving forward, the Board envisaged higher revenue contribution for the property development segment as compared to the manufacturing and trading of the wood based products. The outlook for the property section is expected to be performing better as there is a growing demand for residential and commercial properties. The Group will source for land banks and joint-venture opportunities to further expand its property development segment. Going forward the Group will continue to seek further enhancements in processes to improve operational efficiency, productivity and product quality with the view to reduce the overall cost and increase the profit margins in the manufacturing section. The Group intends to streamline and reforms on its activities in the timber log trading by looking and seeking for timber concession which will attribute profits to the Group where there are prospects for further growth.

The Group would continue with its rationalization exercise of its manufacturing and its log trading activity to future streamline its operations in managing this challenging operating environment and mitigating any potential adverse effect.

APPRECIATION

On behalf of the Board of Directors, I wish to thank our valued shareholders and customers for their continued support. To our suppliers, business associates, consultants, advisers and financiers, we wish to convey our sincere appreciation for your cooperation and understanding.

The Board also wishes to take this opportunity to thank the management and staff of the company for their contribution, commitment, dedication and hard work during the year.

Profile Of Board Of Directors

DATO' LEE GEE HUY @ LEE KONG FEE *Independent Non-Executive Chairman*

Dato' Lee Gee Huy @ Lee Kong Fee, aged 61 was appointed as Independent Non-Executive Director of MHB on 15 April 2007. He graduated from the University of Buckingham, United Kingdom with a License in Law degree and obtained his Barrister at Law from the Lincoln's Inn, United Kingdom. After obtaining his Barrister at Law, he set up his own practice and is now a partner in the firm of Messrs Lee Kong Fee & Co. He is the Vice President and Legal Advisor of Negeri Sembilan Chinese Chamber of Commerce & Industry, the President of the Negeri Sembilan Unites Lee's Association and legal Advisor for about 30 Associations/Organisations in Negeri Sembilan. In 2007, he obtained his LL.M (Masters of Law) from Universiti Kebangsaan Malaysia. Presently, he sits on the Boards of Sanbumi Holdings Berhad, a company listed on the Main Market of the Bursa Malaysia and Fajarbaru Builder Group Berhad, a company listed on the Main Market of the Bursa Malaysia.

Dato' Lee currently is the Independent Non-Executive Chairmen of the Board, Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. He attended all the five Audit Committee Meetings and all the five Board of Directors' Meetings held during th financial year ended 31 December 2009.

Dato' Lee has no conflict of interest with the Company and has not been convicted of any offence in the last ten years.

Dato' Lee Gee Huy @ Lee Kong Fee has no family relationship with any director/major shareholder of MHB and has no shareholdings in MHB.

DATO' TAN WEI LIAN *Managing Director*

Dato' Tan Wei Lian, was appointed to the Board as Managing Director of MHB on 28 November 2006. After completed his upper secondary education in 1986, he started a colourful career as a property developer in his father's company. Dato' Tan has about 20 years of experience in property development and construction. He has completed RM 300 million worth of property development. Dato' Tan was invited to the Group to help the company to diversify into property development.

He is the President of Negeri Sembilan Chinese Chamber of Commerce and Industry, Vise President of The Associated Chinese Chambers of Commerce and Industry of Malaysia. He is also Adviser of about twenty associations / organizations in Malaysia.

Dato' Tan has attended all the five Board of Director Meetings held during the financial year ended 31 December 2009.

Dato' Tan has no conflict of interest with the Company and has not been convicted of any offence in the last ten years.

Dato' Tan Wei Lian is the brother of Ms Tan Lee Chin, an Executive Director of MHB. He has a direct shareholding of 2,377.000 ordinary shares and indirect shareholding of 496,000 ordinary shares as at 26 March 2010.

Profile Of Board Of Directors

TAN LEE CHIN *Executive Director*

Ms Tan Lee Chin, was appointed to the Board as Executive Director of MHB on 29 February 2008. After completed her Diploma in Business Administration in 1987, she was with a construction and development company and pioneered the marketing, finance and administration division. In 1993, she joined her father's company in property development and trading company. She has more than 10 years experience in construction and property development and has completed approximately RM 200 million worth of property development. In recognition of her success, she received an outstanding Entrepreneur Award at the Golden Bull Award 2007.

Ms Tan has attended four Board of Directors' Meetings held during the financial year ended 31 December 2009.

Ms Tan has no conflict of interest with the Company and has not been convicted of any offence in the last ten years.

Ms Tan Lee Chin is the sister of Dato' Tan Wei Lian, the Managing Director of MHB. She has a direct shareholding of 496,000 ordinary shares and indirect shareholding of 2,377,000 ordinary shares as at 26 March 2010.

CHUA ENG CHIN *Independent Non-Executive Director*

Mr Chua Eng Chin, aged 50 was appointed as Independent Non-Executive Director of MHB on 15 December 2006. He is a Fellow Member of the Association of Chartered Accountants (United Kingdom) and also a member of the Malaysian Institute of Accountants. After qualified as Chartered Accountant in 1984, he started his career in an accounting firm where he specializes in auditing and consultancy works. He had served in the internal audit department of Public Companies such as the Lion Group and the Berjaya Group. He also served as Senior Accountant in Berjaya Textiles Berhad and Senior Manager in Malpac Holdings Berhad. He is currently a Commissioned Dealer Representative with PM Securities Sdn Bhd. Presently, he sits on the Board of Harvest Court Industries Berhad, a company listed on the main market of the Bursa Malaysia.

Mr Chua is currently the Chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee. He attended all the five Audit Committee Meetings and all the five Board of Directors' Meeting held during the financial year ended 31 December 2009.

Mr Chua has no conflict of interest with the Company and has not been convicted of any offence in the last ten years.

Mr Chua Eng Chin has no family relationship with any other director/major shareholder of MHB and he has no shareholdings in MHB.

Profile Of Board Of Directors

KUNG CHOOK FAH *Independent Non-Executive Director*

Ms Kung Chook Fah, was appointed to the Board as Independent Non-Executive Director of MHB on 25 August 2009.

After completion of her education, she started her career in ING insurance and set up her own Kung Agency. Now she is a Chartered Insurance Agency Manager (CIAM) by LIMRA International and THE TRAINER OF THE Malaysian Insurance Institute for Personal Insurance. She is also one of the Malaysian Insurance Institute for Life Underwriter Training Council Fellow (MII_LUTCF)

Ms Kung is the committee of Negeri Sembilan Chinese Chamber of Commerce and Industry and handling the Industry and Human Resource Development. She is also the advisor of about ten associations/organization in Malaysia.

She has no conflict of interest with the Company and has not been convicted of any offence in the last ten years.

Ms Kung has no family relationship with any other director/major shareholder of MHB and she has no shareholdings in MHB.

Statement on Corporate Governance

The Board of Directors ("Board") of Minply Holdings (M) Berhad remains committed to ensure that high standard of corporate governance is observed throughout the Group so that the affairs of the Group are conducted with integrity and professionalism with the objective to enhance shareholders' value and financial performance.

The Board is pleased to report to shareholders on the manner the Group has applied the principles, and the extent of compliance with the Best Practices of good governance as set out in Part 1 and Part 2 respectively of the Malaysian Code on Corporate Governance ("Code") pursuant to Paragraph 15.26 of the Listing Requirement of Bursa Securities. These principles and best practices have been applied and complied with throughout the financial year ended 31 December 2009.

A. BOARD OF DIRECTORS

Board Responsibilities

The Board has an overall responsibility for the corporate governance practices of the Group, strategic direction, development and control of the Group. The Board is committed to lead the Group towards a stellar performance, hence improving shareholders' value, and at the same time, taking into the account the interests of other shareholders.

Board Balance

The Board, as at the date of this statement, comprised of five Directors:

- Dato Lee Gee Huy @ Lee Kong Fee –Independent Non-Executive Chairman
- Dato' Tan Wei Lian – Managing Director
- Tan Lee Chin – Executive Director
- Chua Eng Chin – Independent Non-Executive Director
- Kung Chook Fah – Independent Non-Executive Director

The Company satisfies the requirement of the Code for Independent Non-Executive Directors to comprise at one third of the Board's composition. The Managing Director is generally responsible in making and implementing operational decisions whilst the Independent Non-Executive Directors bring to bear objective and independent judgment to the decision making of the Board and Board Committees.

The Company considers that its complement of non-executive directors provide an effective Board with a mix of industry-specific knowledge and broad business and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and to bring informed the independent judgment to many aspects of the Company's strategy and performance so as to ensure that the highest standards on conduct and integrity are maintained by the Company. Profile of the Directors can be found in the Profile of Directors section of the Annual Report. The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company.

Statement on Corporate Governance

Board Meetings

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. During the financial year ended 31 December 2009, six meetings were held. Details of attendance of the Directors at Board Meetings held for the financial year under review are as follows:

Name of Directors	No. of Meetings Attended
Dato' Tan Wei Lian	5/6 meetings
Dato Lee Gee Huy @ Lee Kong Fee	6/6 meetings
Chua Eng Chin	6/6 meetings
Tan Lee Chin	6/6 meetings
Kung Chook Fah (Appointed 25 August 2009)	1/1 meetings

Supply of Information

Board members are provided with all relevant information, papers and reports on financial, operational and audit matter in advance of each Board and Committee Meetings in accordance to the Agenda for discussion. Board papers are distributed prior to the meetings to give Directors sufficient time to deliberate on the issues to be raised at the meetings. All relevant information on the Company is also supplied to Directors upon specific requests.

The Board of Directors review the quarterly / annual performance report which includes a comprehensive review and analysis of major business and financial issues, customer satisfaction indices, market share, key business indicators, product and service quality.

There is a procedure agreed by the Board, whether as a full board or in their individual capacity, to take independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Company's expense. In addition, all Directors have direct access to the Senior Management and advice and services of the Company Secretaries.

Board Committees

The Board delegates certain responsibilities to several Board Committees that operate within clear defined terms of reference.

(a) Audit Committee

The principal objective of the Audit Committee is to assist the Board in discharging its duties and responsibilities relating to accounting policy and presentation of financial reporting.

A summary of the activities and terms of reference of Audit Committee during financial year 2009 are set out in the Audit Committee Report on pages 16 to 21 of the Annual Report.

Statement on Corporate Governance

(b) Nomination Committee

The Board has established a Nomination Committee consisting entirely of the following non-executive directors, all of whom are independent directors. The Members of the Nomination Committee are:

Chua Eng Chin (Chairman)
Dato Lee Gee Huy @ Lee Kong Fee
Kung Chook Fah

The main responsibility of the Committee is to propose and recommend suitable candidates for appointment to the Board as well as assessing the effectiveness of the Board and its Committees as a whole.

(c) Remuneration Committee

The Board has established a Remuneration Committee consisting entirely of the following non-executive directors, all of whom are independent directors. The Members of the Remuneration Committee are:

Dato Lee Gee Huy @ Lee Kong Fee (Chairman)
Chua Eng Chin
Kung Chook Fah

Re-election

In accordance with the Company's Articles of Association, the following are provided:-

(a) all Directors who are appointed by the Board are subject to re-election by the shareholders at the forthcoming Annual General Meeting after their first appointment;

(b) one-third of the remaining Directors are required to submit themselves for re-election by rotation at each Annual General Meeting; and

(c) all Directors are required to submit themselves for re-election at least once in every three years.

<u>Directors' Training</u>

The Directors had attended several relevant courses/seminars during the financial year as below:-

1) Mandatory Accreditation Programme
2) High Level Forum For Directors of Listed Issuers
3) Economics and Capital Markets 1: Forces Shaping Global Capital Markets
4) Essential of Fundamental Analytics 1: Analyzing Company Performance
5) The Art of Living (Managing and Mitigating STRESS)
6) Corporate Governance and Ethics : Strengthening Professionalism Through Ethics
7) Corporate Strategic Analytics : Essentials of Corporate Proposal Analysis

Statement on Corporate Governance

The Board encourages its Directors to attend talks, workshops, seminars and conferences to update and enhance their skills and knowledge to keep abreast with the changing business developments relevant to the industry within which the Group operates.

B. DIRECTORS' REMUNERATION

The remuneration policy of the Company for Executive Directors is structured to link rewards to corporate and individual performance. As for the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive director concerned.

The aggregate Directors remuneration of the Group for the year ended 31 December 2009 is set out below:

Remuneration (In RM'000)	**Executive Directors**	**Non-Executive Directors**	**Total**
Salaries & other Emoluments		-	
Fees	RM45,000	-	RM45,000
Bonus	-	-	-

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

Category	**Executive Directors**	**Non-Executive Directors**
Below RM50,000	3	2
RM50,001-100,000	-	-
RM100,001 -150,000	-	-
RM150,001 - 200,000	1	-

For non-disclosure of detailed remuneration of each director, the Board is of the view that the transparency of directors' remuneration has been sufficiently dealt with by "band disclosure" presented as above.

C. INVESTOR RELATIONS PROGRAMME

The Company recognizes the importance of communication and proper dissemination of the information to shareholders, stakeholders and the public generally. The following are the channels of communication of the Company to its shareholders, stakeholders, analysts and the public:

1. the distribution of annual report and circulars to shareholders
2. timely disclosures and announcements including quarterly results made to the Bursa Malaysia
3. the AGM is the principle forum for dialogue with shareholders. At each AGM, the Board presents the progress and performance of the business and shareholders

Statement on Corporate Governance

are encourage to participate in the Q&A session. The Chairman of the meeting or the Managing Director will facilitate the discussion with the shareholders and provide further information in response to shareholders'queries.

4. the Board to ensure that each item of the special business included in the notice of the meeting are accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are for or against each separate resolution is indicated publicly.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors take responsibility to present a balanced and understandable assessment of the Group's position and prospects.

The Audit Committee assists by scrutinizing the information to be disclosed, to ensure accuracy and adequacy. The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and the Company as at the end of the accounting period and of their financial results and ash flows for the period then ended. This also includes other price-sensitive public reports to regulators. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Statement of Internal Control

The Statement on Internal Control is set out on page 22 of the Annual Report and provides an overview of the state of the internal control within the Group.

Relationship with the Auditor

Through the Audit Committee, the Company has established transparent and appropriate relationship with the Company's auditors, both internal and external. The internal and external auditors attend meetings of the Audit Committee when necessary to review issues in relation to the audit of the Group's financial statements.

A summary of the activities of the Audit Committee is set out in the Audit Committee Report on pages 16 to 21 of the Annual Report.

Statement Of Directors' Responsibilities

In respect of the Financial Statements

The Directors are required to prepare financial statements for each financial year that give a true and fair view of the state of affairs and results of the Company and the Group's at the end of the financial year.

The Directors are responsible for ensuring that the Company and the Group have used the appropriate accounting policies and applied them consistently and supported by reasonable as well as prudent judgments and estimates.

The Directors are responsible for keeping accounting records that disclose with reasonable accuracy the financial position of the Company and the Group to enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable approved accounting standards in Malaysia. The Directors are also responsible for the assets of the Company and the Group, and hence, for taking reasonable steps for the presentation and detection of fraud and other irregularities.

Audit Committee Report

The Board of Directors of Minply Holdings (M) Berhad ("MHB") is pleased to present the report of the Audit Committee and its activities for the financial year ended 31 December 2009

MEMBERS

The Audit Committee comprises of the following Memberss:

- Chua Eng Chin (Chairman/Independent Non-Executive Director)
- Dato Lee Gee Huy @ Lee Kong Fee (Independent Non-Executive Director)
- Kung Chook Fah (Independent Non-Executive Director)

TERMS OF REFERENCE

Objectives

The primary objectives of the Audit Committee are to:

1. Provide assistance to the Board in fulfilling its fiduciary responsibilities and assure the shareholders of the Group that the Directors of MHB have complied with Malaysian financial standards and required disclosure policies developed and administered by Bursa Malaysia Securities Berhad ("Bursa Securities").
2. Ensure transparency, integrity and accountability in the Group's management of principal risks, the quality of the accounting function, the system of internal controls and audit function and strengthen public's confidence in the Group's reported results.

Audit Committee Report

3. Maintain through regularly scheduled meetings, a direct line of communication among the Board, senior management, external auditors and internal auditors and to exchange views and information.

Composition

The Committee shall be appointed by the Board from amongst its Directors and shall be no fewer than three (3) members, majority of whom shall be Independent Directors. All members of the Audit Committee must be non-executive directors.

All members of the Audit Committee shall be financially literate and at least one of the members of the Audit Committee :-

(i) must be a member of the Malaysian Institute of Accountants; or
(ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and
  (aa) he must passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
  (bb) he must be a member of one of the association of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967 or
  (cc) has a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance or is a member of a professional accountancy organization which has been admitted as full members of the International Federation of Accountants and at least three (3 years' post qualification experience in accounting or finance or at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation
(iii) fulfils such other requirements as prescribed or approved by the Exchange.

No alternate director shall be appointed as a member of the Audit Committee.
The team of office and performance of the Committee members shall be reviewed by the Board at least once every three years to determine whether the members have carried out their duties in accordance with their terms of reference.

The Chairman who shall be elected by the members of the Committee, shall be an independent non-executive director.

MEETINGS AND QUORUM

The Committee shall meet at least four (4) times a year, with each meeting planned to coincide with key dates in the Company's financial reporting cycle, or more frequently as circumstances dictate.

The quorum for any meeting shall be the majority of the members present who are Independent Directors.

Audit Committee Report

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, together with explanatory supporting documents, to the Committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee members and to other members of the Board.

The Head of Finance and the external auditors shall attend all meetings of the Committee. Other Board members and employees may attend any particular meeting upon the invitation of the Audit Committee. However, the Committee shall meet with the external auditors at least once a year without the presence of the executive board members.

During the financial year ended 31 December 2009, the Committee held five (5) meetings and their attendance are as follows:

i) Chua Eng Chin	5 of 5 meetings
ii) Dato Lee Gee Huy @ Lee Kong Fee	5 of 5 meetings
iii) Kung Chook Fah (Appointed 25 August 2009)	1 of 1 meetings

AUTHORITY

The Committee is authorized by the Board to investigate any activities within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee shall have the authority:-

(a) convene meetings with the External Auditors without the presence of Executive Directors, Management or other employees of the Group unless specifically invited by the Committee;

(b) have full and unrestricted access to information pertaining to the Group and Management. All employees of the Group are required to comply with requests made by the Audit Committee;

(c) obtain external professional advice and invite persons with relevant experience to attend the meetings, if necessary;

Function and Responsibilities

The function and responsibilities of the Committee are as follows:-

(a) review the Group's quarterly results and annual financial statements before submission to the Board for approval, focusing particularly on:-

- any changes in accounting policies and practices;
- going concern assumptions;
- significant adjustments arising from the audit;

Audit Committee Report

- compliances with accounting standards, regulatory and other legal requirements

(b) review and discuss with external auditors of the following:-

- external audit plan and scope of work;
- external audit reports, management's response and actions taken;
- external audit evaluation of the system of internal controls; and
- problems and reservations arising out of external audits and any matters external auditors may wish to discuss, in the absence of management, if necessary

(c) review any related party transactions and conflict of interest situations that may arise including transaction, procedure or course of conduct that raises a question of management integrity;

(d) consider and recommend the nomination and appointment, the audit fee and any question of resignation, dismissal or re-appointment of external auditors;

(e) to do the following, in relation to the internal audit function –

- to review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its responsibilities together with the audit plan, audit reports and follow-up on the recommendations contained in such reports

(f) to review and report to the Board on the internal audit programme, processes and results and the actions taken on the recommendations of the internal audit function.

(g) to review and report to the Board on the appointment , performance and remuneration of the internal audit staff.

(h) to consider any other areas as may be directed by the Board.

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall be:-

a) review the quarterly results and year end financial statements before submission to the Board for approval, focusing particularly on:-

- any changes in accounting policies and practices;
- going concern assumptions;
- significant adjustments arising from the audit;
- compliances with accounting standards, regulatory and other legal requirements.

b) review and discuss with external auditors of the following:

Audit Committee Report

- external audit plans and scope of work;
- external audit reports, management's response and actions taken;
- external audit evaluation of the system of internal controls; and
- problems and reservations arising from interim and final audits and any matters the external auditors may wish to discuss, in the absence of other directors and management, if necessary.

c) consider any related party transactions and situations where a conflict of interest may arise within the Group.

d) to review the suitability of the External Auditors for recommendation to the Board for re-appintment and the audit fee thereof;

e) to review any resignation from external and internal auditors and to nominate internal and external auditors of the Group.

f) to review with the Internal Auditors, the scope, functions, competency and adequacy of resources, internal audit programmes and results, authority, processes or investigations undertaken and the action taken on their recommendations.

g) to review the effectiveness of internal audit function.

h) to consider any other areas as may be directed by the Board.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year ended 31 December 2009, the main activities undertaken by the Committee were as follows:

a) Reviewed the quarterly financial results and the annual financial statements of the Company and made recommendations to the Board for approval prior to the release of the results to Bursa.

b) Reviewed with the external auditors' audit plan the nature and scope of audit

c) Reviewed the major findings of internal audit reports and their recommendations relating thereto as well as the Management response.

d) Reviewed the internal and external audit reports to ensure that appropriate and adequate remedial actions were taken by the Management on significant lapses in controls and procedures that were identified, if any

e) Assessed the performance of the auditors and make recommendations to the Board of Directors for their appointment and removal

f) Reviewed the Audit Committee Report and Statement on Internal Control prior to its inclusion in the Annual Report;

g) Evaluated the audit fees payable to the internal auditors and external auditors.

Audit Committee Report

INTERNAL AUDIT FUNCTION

The Group has recognized that an internal audit function is essential in ensuing the effectiveness of the Group's systems of internal control and is an integral part of the risk management process. The Company established an internal audit function which is independent of the activities in audits. The Company ensures its internal audit function reports directly to the Audit Committee.

The internal audit function is outsourced to an independent firm party to assist the Board in the review and appraisal of the internal control system within the Group. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the undated risk profiles of the major business units of the Group. Follow-up work on previous internal audit findings was also carried out by the internal audit function on the implementation of corrective actions by Management. The Audit Committee considers reports from the internal audit function and comments from Management before making recommendations to the Board to strengthen the internal control and governance systems.

Additional Compliance Information

Share Buy-Backs
During the financial year ended 31 December 2009, the company did not enter into any share buy back transaction.

Option And Warrants
The Company has not issue any options and warrants during the financial year.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")
The Company did not sponsor 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 and its subsidiaries, Directors or management by any regulatory bodies during the financial year under review.

Utilisation of Proceeds
There were no proceeds raised from corporate proposal during the financial year under review.

Non-Audit Fees
The amount of non audit-fees paid/payable to external auditors and its affiliates for the financial year 31 December 2009 amounted to approximately RM20,000.

Revaluation Policy on Landed Properties
The revaluation policy on landed properties is as disclosed in the financial statement for the year ended 31 December 2009.

Additional Compliance Information

Profit Estimate, Forecast or Projection
The Company did not make any release on the profit estimate, forecast or projections for the financial year.

Recurrent Related Party Transaction of a Revenue or Trading Nature.
During the financial year, the company and its subsidiaries had not entered into any recurrent related party transactions, which are of revenue or trading nature, which requires shareholders' mandate.

Material Contracts
There were no material contracts entered into by the Company and its subsidiaries involving Directors and substantial shareholders either still subsisting as at 31 December 2009 or since the end of the previous financial year ended 31 December 2009.

Profit Guarantee
The Company did not make any arrangement during the financial year under review which requires profit guarantee.

Statement On Internal Control

Introduction

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Bursa Malaysia's Statement on Internal Control: Guidance for Directors of Public Listed Companies, the Board of Directors ("the Board") of Minply Holdings (M) Berhad ("the Group") is pleased to include a statement on the state of the Group's internal control in the annual report.

Responsibility for risk and internal control

The Board and Senior Management recognise their responsibility for maintaining a sound system of internal controls and for reviewing its adequacy and integrity in order to safeguard shareholders' investments and the assets of the Group. However, it is recognised that evaluation and implementation of the system can only provide reasonable assurance of the Group achieving its objectives. The system will not provide absolute assurance against any material losses. The Board confirms that the system of internal control with the key elements highlighted below was in place during the financial year. The system is subject to regular reviews by the Board.

Risk Management Framework

Risk Management is regarded by the Board to be an essential part of corporate management to ensure achievement of the Group's business objectives and goals. The Group has established an informal internal audit team at the corporate office which

Statement On Internal Control

involved monitoring and evaluations of the monthly management accounts submitted by the subsidiary companies and report their findings to senior management on a quarterly basis. The Group strived to manage risk effectively with a view to protect its assets and enhance shareholders' value.

Other key elements of internal control

The following are other key elements of the Group's internal control systems:-

- The Board has put in place an organisation structures. These procedures are responsibility and delegation of authority.
- Internal control procedures are set out in a series of policies and procedures. These procedures are subject to regular reviews and improvements to reflect changing risks or to resolve operational deficiencies.
- Quarterly performance reports that provide the Board and the Management with comprehensive information on financial and key business indicators.

Weaknesses in internal controls that result in material losses

There were no material losses incurred during the current financial year as a result of weaknesses in internal control.

The Board will continually to evaluate and take steps to further strengthen the Group's internal control environment.

Corporate Social Responsibility

Our Group's commitment to Corporate Social Responsibility ("CSR") is demonstrated and continuously improved by emphasising the importance of values and betterment of society and community.

Minply Group believes in fulfilling its role as a good corporate citizen and being socially responsible.

We make every effort to ensure that our operations and services are in accordance with appropriate industry standards and best practices to minimize harm to the environment.

FINANCIAL STATEMENTS

Directors' Report

The directors hereby submit their report together with the audited financial statement s of the Group and of the Company for the financial year ended 31st December 2009.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiary companies are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Net loss for the financial year	(8,426,846.00)	(7,624,266.00)
Attributable to:		
Equity holders of the Company	(8,448,009.00)	(7,674,266.00)
Minority interest	21,163.00	-
	(8,426,846.00)	(7,624,266.00)

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31st December 2009.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no bad debts and no allowance was required for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the allowance for doubtful debt s, in the financial statements of the Group and of the Company inadequate to any substantial extent.

Directors' Report

CURRENT ASSETS

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

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

(ii) any cont ingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liabilities or other liabilities 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 other than as disclosed in Note 33 to the financial statements.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of t he directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval bet ween the end of t he financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in

Directors' Report

the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

The Company had not issued any shares or debentures during the financial year.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Significant events subsequent to the financial year are disclosed in Note 35 to the financial statements.

DIRECTORS

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

Chua Eng Chin
Dato' Tan Wei Lian
Dato' Lee Gee Huy @ Lee Kong Fee
Tan Lee Chin
Kung Chook Fah (appointed on 25th August 2009)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, the interests of those directors who held office at the end of the financial year in shares in the holding company during the financial year ended 31st December 2009 were as follows:-

	Number of ordinary shares of RM1/- each			
	At 1.1.2009	Bought	Sold	At 31.12.2009
The Company				
Direct interest				
Dato' Tan Wei Lian	8,716,500	72,500	(6,463,400)	2,325,600
Tan Lee Chin	420,400	209,000	(213,000)	416,400
Indirect interest				
Dato' Tan Wei Lian*	1,327,700	247,000	(944,100)	630,600
Tan Lee Chin*	9,623,800	110,500	(7,194,500)	2,539,800

* Denot e deemed interest which includes interest in shares held by close family members.

By virtue of the above directors' interest in shares of the Company, they are deemed t o have an interest in shares of all the subsidiary companies to the extent the Company has an interest in the subsidiary companies.

Directors' Report

Other than as disclosed above, none of the other Directors in office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations.

DIRECTORS' BENEFITS

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

Neither during nor at the end of the financial year was the Company a part y to any arrangement whose object was 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.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

DATO' TAN WEI LIAN
Director

TAN LEE CHIN
Director

Seremban
Date: 28th April 2010

Statement By Directors

We, **DATO' TAN WEI LIAN** and **TAN LEE CHIN**, being two of the directors of the Company, do hereby state that in the opinion of the directors, the accompanying financial statements are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st December 2009 and of the results and cash flows of the Company for the financial year ended on t hat date in accordance with the provisions of the Companies Act , 1965 and the Financial Reporting Standards.

On behalf of the Board,

DATO' TAN WEI LIAN	TAN LEE CHIN
Director	Director

Seremban

Date: 28th April 2010

Statutory Declaration

I, **TAN LEE CHIN** being the director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act l960.

TAN LEE CHIN

Subscribed and solemnly declared by the abovenamed at Seremban, Negeri Sembilan on 28th April 2010.

Before me,

Commissioner for Oaths

Independent Auditors' Report To The Members Of Minply Holdings (M) Berhad

Report on the Financial Statements

We have audited the financial statements of Minply Holdings (M) Berhad, which comprise the balance sheets as at 31st December 2009, and the income statements, statements of changes in equity and cash flow statements for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out in pages 6 to 66.

Director's 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 the provisions of the Companies Act, 1965 and the Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation and fair presentation of 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditors' Report To The Members Of Minply Holdings (M) Berhad

Opinion

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

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements. During the financial year, the Group and the Company recorded a loss of RM8,426,846/- and RM7,674,266/- respectively. In addition, four subsidiaries have defaulted the repayment of bank borrowings as disclosed in Note 20(b) to the financial statements, thereby indicating the existence of a material uncertainty which may cast significant doubts about the ability of the Group and the Company to continue as going concerns.

We have considered that these factors are of significance, and draw your attention to it, but our opinion is not qualified in this respect.

Report on Other Legal and Regulatory Requirements

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

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

b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 9 to the financial statements.

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

d) Other than those subsidiaries with modified opinion in the auditors' reports as disclosed in Note 9 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any material qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report To The Members Of Minply Holdings (M) Berhad

Other Matters

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Heng Ji Keng
No. 578/05/10 (J/PH)
Partner

Kuala Lumpur
Date: 28th April 2010

Balance Sheets As At 31st December 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	13,545,004	14,315,794	23,071	41,120
Land held for property development	5(a)	3,664,808	3,664,808	-	-
Investment properties	6	1,910,284	1,936,471	-	-
Prepaid lease payments	7	536,921	541,996	-	-
Goodwill on consolidation	8	1,685,729	1,685,729	-	-
Investment in subsidiary companies	9	-	-	16,970,252	18,407,356
Amount owing by subsidiary companies	10	-	-	10,307,202	16,640,655
		21,342,746	22,144,798	27,300,525	35,089,131
Current assets					
Property development costs	5(b)	15,127,183	14,676,431	-	-
Inventories	12	-	529,017	-	-
Trade receivables	13	21,982,695	19,528,243	-	-
Other receivables, deposits and prepayments	14	1,115,884	1,778,458	6,290	120,497
Tax recoverable		5,316	684,834	-	395,921
Cash and bank balances	16	226,325	364,970	4,888	-
		38,457,403	37,561,953	11,178	516,418
Assets of disposal group classified as held for sale	17	-	6,929,748	-	-
TOTAL ASSETS		59,800,149	66,636,499	27,311,703	35,605,549

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

Balance Sheets As At 31st December 2009 (Continued)

		Group		Company	
		2009	2008	2009	2008
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Share capital	18	44,000,000	44,000,000	44,000,000	44,000,000
Reserves	19	(21,224,956)	(12,776,947)	(28,629,902)	(20,955,636)
		22,775,044	31,223,053	15,370,098	23,044,364
Minority interest		420,485	399,322	-	-
TOTAL EQUITY		23,195,529	31,622,375	15,370,098	23,044,364
Non-current liabilities					
Borrowings	20	116,842	1,773,720	-	-
Deferred tax liabilities	11	173,321	175,824	-	-
Amount owing to subsidiary companies	10	-	-	11,429,074	12,217,863
		290,163	1,949,544	11,429,074	12,217,863
Current liabilities					
Trade payables	22	4,264,444	3,535,885	-	-
Other payables and accruals	23	6,497,566	6,800,601	512,531	342,467
Borrowings	20	21,946,723	19,039,438	-	855
Taxation		3,605,724	3,584,405	-	-
		36,314,457	32,960,329	512,531	343,322
Liabilities directly associated with assets classified as held for sale	17	-	104,251	-	-
TOTAL LIABILITIES		36,604,620	35,014,124	11,941,605	12,561,185
TOTAL EQUITY AND LIABILITIES		59,800,149	66,636,499	27,311,703	35,605,549

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

Income Statements
For The Financial Year Ended 31st December 2009

		Group		Company	
		2009	2008	2009	2008
	Note	RM	RM	RM	RM
Continuing Operations					
Revenue	24	11,129,107	23,964,391	-	-
Cost of sales	25	(11,350,541)	(21,133,275)	-	-
Gross (loss)/profit		(221,434)	2,831,116	-	-
Other operating income		424,751	1,085,481	-	317,554
Administrative expenses		(8,337,859)	(4,360,257)	(7,277,784)	(13,416,032)
Operating loss	26	(8,134,542)	(443,660)	(7,277,784)	(13,098,478)
Finance costs	27	(1,797,882)	(1,690,888)	(561)	(827)
Loss before tax		(9,932,424)	(2,134,548)	(7,278,345)	(13,099,305)
Taxation	28	(700,838)	(1,763,122)	(395,921)	-
Net loss for the financial year from continuing operations		(10,633,262)	(3,897,670)	(7,674,266)	(13,099,305)
Discontinued Operations					
Net gain/(loss) for the financial year from discontinued operations	17	11,076	(48,406)	-	-
Gain on disposal of assets classified as held for sale		2,195,340	-	-	-
Net loss for the financial year		(8,426,846)	(3,946,076)	(7,674,266)	(13,099,305)
Attributable to:					
Equity holders of the Company		(8,448,009)	(3,894,778)		
Minority interest		21,163	(51,298)		
		(8,426,846)	(3,946,076)		
Loss per ordinary share attributable to equity holders of the Company (sen):					
- Basic, for loss from continuing operations		(24.21)	(8.74)		
- Basic, for gain/(loss) from discontinued operations		5.01	(0.11)		
Basic, for loss for the financial year	29	(19.20)	(8.85)		
- Diluted, for loss from continuing operations		(24.21)	(8.74)		
- Diluted, for gain/(loss) from discontinued operations		5.01	(0.11)		
Diluted, for loss for the financial year	29	(19.20)	(8.85)		

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

Statements Of Changes In Equity
For The Financial Year Ended 31st December 2009

Group	← Attributable to equity holders of the Company → Share Capital RM	Share Premium RM	Revaluation Reserves RM	Accumulated losses RM	Total RM	Minority interest RM	Total Equity RM
Balance as at 1st January 2008	44,000,000	13,038,507	66,561	(21,987,237)	35,117,831	450,620	35,568,451
Loss for the financial year	-	-	-	(3,894,778)	(3,894,778)	(51,298)	(3,946,076)
Balance as at 31st December 2008	44,000,000	13,038,507	66,561	(25,882,015)	31,223,053	399,322	31,622,375
Loss for the financial year	-	-	-	(8,448,009)	(8,448,009)	21,163	(8,426,846)
Balance as at 31st December 2009	44,000,000	13,038,507	66,561	(34,330,024)	22,775,044	420,485	23,195,529

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

Statements Of Changes In Equity
For The Financial Year Ended 31st December 2009 (Contiued)

Company	Share Capital RM	Share Premium RM	Revaluation reserves RM	Accumulated losses RM	Total Equity RM
Balance as at 1st January 2008	44,000,000	13,038,507	13,125	(20,907,963)	36,143,669
Loss for the financial year	-	-	-	(13,099,305)	(13,099,305)
Balance as at 31st December 2008	44,000,000	13,038,507	13,125	(34,007,268)	23,044,364
Loss for the financial year	-	-	-	(7,674,266)	(7,674,266)
Balance as at 31st December 2009	44,000,000	13,038,507	13,125	(41,681,534)	15,370,098

The accompanying notes form an integral part of these financial statements

Cash Flow Statements
For The Financial Year Ended 31st December 2009

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES:				
(Loss)/profit before taxation				
Continuing operations	(9,932,424)	(2,134,548)	(7,278,345)	(13,099,305)
Discontinued operations	2,206,416	(48,406)	-	-
Adjustments for:				
Allowance for doubtful debts	27,391	1,376,405	-	4,067,797
Amortisation of prepaid lease payments	5,075	7,782	-	-
Allowance for doubtful debts no longer required	-	(481,977)	-	-
Bad debts recovered	-	(354,072)	-	-
Bad debts written off	6,327,467	515,256	5,169,489	-
Depreciation of investment properties	26,187	26,187	-	-
Depreciation of property, plant and equipment	602,476	728,721	18,049	22,028
Impairment losses on investment in subsidiary companies	-	-	1,437,104	8,712,052
Loss on disposal of:				
- property, plant and equipment	-	16,967	-	16,967
- other investment	-	12,450	-	-
Interest expenses	1,666,658	1,591,067	-	-
Interest income	(2,093)	(2,010)	-	-
Gain on disposal of property, plant and equipment	(7,186)	-	-	-
Gain on disposal of assets classified as held for sales	(2,195,340)	-	-	-
Operating (loss)/profit before working capital changes	(1,275,373)	1,253,822	(653,703)	(280,461)
Changes in working capital:				
(Increase)/decrease in:				
Inventories	529,017	383,182	-	-
Property development costs	(450,752)	519,754	-	-
Receivables	(1,400,302)	3,595,583	(5,055,282)	(93,907)
Payables	425,524	(2,811,037)	170,064	105,306
Cash (used in)/generated from Operations	(2,171,886)	2,941,304	(5,538,921)	(269,062)
Income tax refund	-	70	-	-
Interest paid	(1,666,658)	(1,591,067)	-	-
Net Operating Cash Flows	(3,838,544)	1,350,307	(5,538,921)	(269,062)

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

Cash Flow Statements
For The Financial Year Ended 31st December 2009 (Continued)

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property, plant and equipment	-	(86,904)	-	-
Proceeds from disposal of property, plant and equipment	175,500	110,000	-	110,000
Interest received	2,093	2,010	-	-
Proceeds from disposal of other investment	-	236,550	-	-
Proceeds from disposal of asset classified as held for sales	2,150,000	-	-	-
Net Investing Cash flows	2,327,593	261,656	-	110,000
CASH FLOWS FROM FINANCING ACTIVITIES:				
Advance from subsidiary companies	-	-	5,544,664	89,514
Repayment of hire-purchase payables	(69,003)	(68,067)	-	-
Drawndown from/(repayment of) bankers' acceptance	345,859	(3,581,220)	-	-
Drawndown from/(repayment of) term loans	611,481	(518,305)	-	-
Released of fixed deposit pledged to banks	38,205	1,457,167	-	-
Net Financing Cash Flows	926,542	(2,710,425)	5,544,664	89,514
NET CHANGE IN CASH AND CASH EQUIVALENTS	(462,409)	(1,098,462)	5,743	(69,548)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	(3,743,253)	(2,644,791)	(855)	68,693
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	(4,205,662)	(3,743,253)	4,888	(855)
ANALYSIS OF CASH AND CASH EQUIVALENTS:				
Fixed deposits with licensed banks	200,000	38,205	-	-
Cash and bank balances	26,325	326,788	4,888	-
Bank overdraft	(4,431,987)	(4,070,041)	-	(855)
	(4,205,662)	(3,705,048)	4,888	(855)
Less: Fixed deposit pledged to banks	-	(38,205)	-	-
	(4,205,662)	(3,743,253)	4,888	(855)

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

Notes To The Financial Statements

1. **GENERAL INFORMATION**

The Company is principally engaged in investment holding. The principal activities of the subsidiary companies are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

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

The registered office of the Company is located at Ground Floor, No. 482, Jalan Zamrud 6, Taman Ko-op, 70200 Seremban, Negeri Sembilan.

The principal place of business of the Company is located at Ground Floor, No. 482, Jalan Zamrud 6, Taman Ko-op, 70200 Seremban, Negeri Sembilan.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28th April 2010.

2. **FUNDAMANTAL ACCOUNTING POLICIES**

During the financial year, the Group and the Company recorded a loss of RM8,426,846/- and RM7,674,266/- respectively. In addition, four subsidiaries have defaulted the repayment of bank borrowings as disclosed in Note 20 (b) to the financial statements. The ability of the Group and the Company to continue as going concerns is dependent on the successful restructuring of the bank borrowings with the banks. In addition, the Company is currently undertaking a corporate proposal to raise funds for working capital requirements as described in Note 35(b).

The financial statements of the Group and the Company do not include any adjustments relating to the recoverability and classification of assets or liabilities that might be necessary should the Group and the Company be unable to continue as going concerns.

Notes To The Financial Statements

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

3.1 **Basis of Preparation**

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the accounting policies set out below, and comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs").

The preparation of the financial statements in conformity with the applicable FRSs requires the directors to make certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts for revenue and expenses during the reported financial year. It also requires directors to exercise their judgements in the process of applying the Company's accounting policies. Although these estimates and judgements are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant in the financial statements are disclosed in Note 3.4 to the financial statements.

3.2 **New and Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations ("IC Int")**

(a) **Adoption of New and Revised FRSs, Amendments/Improvements to FRSs and IC Int**

There are no new and revised accounting standards, amendments/improvements to FRSs and IC Int that are effective and applicable for the Group's financial year ended 31st December 2009.

(b) **New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early**

The Group and the Company have not adopted the following new and revised FRSs, amendments/improvements to FRSs and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

		Effective for financial periods beginning on or after
<u>New FRSs</u>		
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010

Notes To The Financial Statements

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.2 **New and Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations ("IC Int") (Continued)**

(b) **New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early (Continued)**

		Effective for financial periods beginning on or after
Revised FRSs		
FRS 1	First time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 101	Presentation of Financial Statements	1 January 2010
FRS 123	Borrowing costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 July 2010
Amendments /Improvements to FRSs		
FRS 1	First time Adoption of Financial Reporting Standards	1 January 2010 and 1 January 2011
FRS 2	Share-based Payment – Vesting Conditions and Cancellations	1 January 2010 and 1 July 2010
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010 and 1 July 2010
FRS 7	Financial Instruments: Disclosure	1 January 2010 and 1 January 2011
FRS 8	Operating Segments	1 January 2010
FRS 107	Statement of Cash Flows	1 January 2010
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
FRS 110	Events After the Reporting Period	1 January 2010
FRS 116	Property, Plant and Equipment	1 January 2010
FRS 117	Leases	1 January 2010
FRS 118	Revenue	1 January 2010
FRS 119	Employee Benefits	1 January 2010
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 128	Investment in Associates	1 January 2010
FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010

Notes To The Financial Statements

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.2 **New and Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations ("IC Int") (Continued)**

(b) **New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early (Continued)**

		Effective for financial periods beginning on or after
Amendments /Improvements to FRSs (Continued)		
FRS 131	Interests in Joint Venture	1 January 2010
FRS 132	Financial Instruments: Presentation	1 January 2010 and 1 March 2010
FRS 134	Interim Financial Reporting	1 January 2010
FRS 136	Impairment of Assets	1 January 2010
FRS 138	Intangible Assets	1 January 2010 and 1 July 2010
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
FRS 140	Investment Property	1 January 2010
IC Int		
IC Int 9	Reassessment of Embedded Derivatives	1 January 2010 and 1 July 2010
IC Int 10	Interim Financial Reporting and Impairment	1 January 2010
IC Int 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Int 12	Service Concession Arrangements	1 July 2010
IC Int 13	Customer Loyalty Programmes	1 January 2010
IC Int 14	FRS 119 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Int 15	Agreements for the Construction of Real Estate	1 July 2010
IC Int 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Int 17	Distributions of Non-cash Assets of Owners	1 July 2010

The Group and the Company plan to adopt the above FRSs, Amendments to FRSs and Interpretations when they become effective in the respective financial period. Unless otherwise described below, the adoption of the above FRSs, Amendments to FRSs and Interpretations upon their initial application are not expected to have any significant impact on the financial statements of the Group and the Company. The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon application of FRS 7 and FRS 139:

Notes To The Financial Statements

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.2 **New and Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations ("IC Int") (Continued)**

(b) **New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early (Continued)**

(i) **IC Interpretation 15 Agreements for the Construction of Real Estate**

IC Interpretation 15 establishes the developer will have to evaluate whether control, and significant risk and rewards of the ownership of work in progress, can be transferred to the buyer as construction progresses before revenue can be recognised as percentage of completion method. With IC Interpretation 15, the Group will have to change its accounting policy from recognising revenue as percentage of completion method to recognise revenue at completion method. The Group is currently assessing the impact of the adoption of this interpretation.

3.3 **Significant Accounting Policies**

(a) **Subsidiary Companies and Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiary companies, made up to the end of the financial year. The financial statements of the parent and its subsidiary companies are all drawn up to the same reporting date.

Subsidiary companies are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

The financial statements of the 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.

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

Notes To The Financial Statements

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(a) **Subsidiary Companies and Basis of Consolidation (Continued)**

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

Intra group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

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

The gains or losses on disposal of subsidiary companies is the difference between net disposal proceeds and the Group's share of its assets together with any unamortised goodwill or reserve on consolidation, which was not previously recognised in the consolidated income statement.

(b) **Goodwill on Consolidation**

Goodwill represents the excess of the cost of business combination over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Following the initial recognition, goodwill is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.3(o).

Goodwill is not amortised but is reviewed for impairment, annually or more frequently for impairment in value and is written down where it is considered necessary. Impairment losses on goodwill are not reversed. The calculation of gains and losses on the disposal of an entity includes the carrying amount of goodwill relating to the entity being sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arise.

Negative goodwill represents the excess of the fair value of the Group's share of net assets acquired over the cost of acquisition. Negative goodwill is recognised directly in the income statement.

Notes To The Financial Statements

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(c) **Investments**

Investments in subsidiary companies are stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.3(o).

Other investments are stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.3(o).

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

(d) **Property, Plant and Equipment and Depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.3(o).

Freehold land is not amortised as it has an infinite life. The freehold land and buildings are revalued at least once in every 5 years to ensure that the carrying amount does not differ materially from that which would be determined using fair value at balance sheet date. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit will be charged to the income statement. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

Depreciation is calculated to write off the cost on a straight line basis over the estimated useful lives of the assets concerned. The annual rates used are as follows:-

Buildings	2%
Electrical installation	10%
Factory equipment	10%
Furniture, fittings and equipment	10%
Motor vehicles	10%
Plant and machinery	10%
Renovation	10%

The residual values, useful life 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.

Fully depreciated assets, if any are retained in the accounts until the assets are no longer in use.

Notes To The Financial Statements

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(d) **Property, Plant and Equipment and Depreciation (Continued)**

The carrying amount of an item of property, plant and equipment is derecognised on 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 carrying amount is included in income statements and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

(e) **Investment Properties**

Investment properties are properties which are held either to earn rental income 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 cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of investment properties are provided for the straight line basis to write off the cost of investment properties to their residual value over their estimated useful lives of the investment properties.

Building is depreciated on a straight line basis to write off the cost over its estimated useful life at an annual rate of 2%.

No depreciation is provided on the freehold land as it has an indefinite useful life.

Investment properties are derecognised when either they have been disposed off or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposals. Any gains or losses on the retirement or disposal of investment properties are recognised in the income statement in the year in which they arise.

(f) **Leases**

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

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

Notes To The Financial Statements

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(f) **Leases (Continued)**

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

(i) **Finance Leases**

Assets financed by hire purchase or finance lease arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The assets so capitalised are depreciated in accordance with accounting policy on property, plant and equipment. Finance charges are charged to the income statements over the periods to give a constant periodic rate on interest on the remaining hire purchase liabilities.

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

(ii) **Operating Leases**

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

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 interest in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term. Leasehold land is amortised over the terms of the lease period which range from 82 to 90 years.

Notes To The Financial Statements

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(g) **Property development activities**

(i) **Land held for property development**

Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

(ii) **Property development costs**

Property development costs comprise all cost that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as borrowing costs.

Property development costs not recognised as an expense are recognised as an asset measured at the lower of cost and net realisable value.

When revenue recognised in the income statement exceeds progress billings to purchasers, the balance is classified as accrued billings under current assets. When progress billings exceed revenue recognised in the income statement, the balance is classified as progress billings under current liabilities.

(h) **Construction contracts**

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract.

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 for contract work. When progress billings exceed costs incurred plus recognised profit (less recognised losses), the balance is classified as amount due to customers for contract work.

Notes To The Financial Statements

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(i) **Inventories**

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using first-in, first-out basis. The cost of raw materials comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion production overheads based on normal operating capacity of the production facilities.

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

(j) **Receivables**

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

(k) **Payables**

Payables are stated at cost which is the fair value of the consideration to be paid in the future, whether or not billed to the Group.

(l) **Equity Instruments**

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to the income statement.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised in equity in the financial year in which the dividends are approved by the shareholders.

(m) **Revaluation Reserves**

Revaluation surplus arising from revaluation of freehold land and building are taken to capital reserve account and are not available for distribution.

Notes To The Financial Statements

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(n) **Foreign Currency**

(i) **Functional and Presentation Currency**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entities operate (its functional currency). For the purposes of consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is also the Company's functional currency and the presentation currency for the consolidated financial statements.

(ii) **Foreign Currency Transactions**

In preparing the financial statements of the individual entity in the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated 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 retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary item, any exchange component of that gain or loss is also recognised directly in equity.

Notes To The Financial Statements

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(o) **Impairment of Assets**

The carrying amount of assets, other than investment properties that are measured at fair value, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal group) 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 losses.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, the 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, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired on 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 cost 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 risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment losses is recognised in the income statement in the period in which it arises.

Impairment losses on goodwill is not reversed in a subsequent period. An impairment losses 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 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 its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment losses been recognised for the asset in prior years. A reversal of impairment losses for an asset other than goodwill is recognised in the income statement.

Notes To The Financial Statements

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(p) **Income tax**

The tax expense in income statements represents the aggregate amount of current tax and deferred tax included in the determination of net profit or loss for the financial year. Current tax expenses is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the balance sheet date, and adjustment to tax payable in respect of the previous year.

Deferred tax is provided for, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement.

(q) **Financial Instruments**

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

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

(r) **Borrowing costs**

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

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

Notes To The Financial Statements

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(s) **Revenue**

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(i) **Sale of goods**

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with delivery of goods and services and acceptance by customers.

(ii) **Construction contracts**

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

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

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

Notes To The Financial Statements

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(s) **Revenue (Continued)**

(iii) **Property development**

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the balance sheet date. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

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

Any expected loss on a development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

(iv) **Dividend income**

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

(v) **Interest income**

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

(t) **Employee Benefits**

(i) ***Short term employee benefits***

Wages, salaries, social security contributions, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees.

(ii) ***Post-employment benefits***

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

Notes To The Financial Statements

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.3 **Significant Accounting Policies (Continued)**

(u) **Cash and Cash Equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, bank balances, demand deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

(v) **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 investment properties, deferred tax assets, employees benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed off 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 acquired exclusively with a view to resale.

(w) **Segmental Information**

Segment revenue and expense are those directly attributable to the segments and include any joint revenue and expense where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets and liabilities do not include income tax assets and liabilities respectively.

Segment revenue, expense and result include transfers between segments. The prices charged on intersegment transaction are the same as those charged for similar goods to parties outside of the economic entity at an arm’s length transactions. These transfers are eliminated on consolidation.

Notes To The Financial Statements

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.4 **Significant Accounting Estimates and Judgements**

(a) **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 as stated below:

(i) **Depreciation of property, plant and equipment**

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

(ii) **Impairment of property, plant and equipment**

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use.

(iii) **Impairment of investment in subsidiary companies**

The Company carried out the impairment test based on a variety of estimation including the value-in-use of the cash generating unit. Estimating the value-in-use requires the Group and the Company to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of investment in subsidiary companies of the Company as at 31st December 2009 was RM16,970,252/- (2008: RM18,407,356/-). During the financial year, the impairment on investment in subsidiary companies charged to the income statement was RM1,437,104/- (2008:RM8,712,052/-).

(iv) **Goodwill**

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying value of goodwill as at 31st December 2009 was RM1,685,729/- (2008: RM1,685,729/-).

Notes To The Financial Statements

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.4 **Significant Accounting Estimates and Judgements (Continued)**

(a) **Key Sources of Estimation Uncertainty (Continued)**

(v) **Allowances for doubtful debts**

The Group makes allowances for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(vi) **Property development**

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(vii) **Net realisable values of inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(viii) **Construction contracts**

The Group recognises revenue and expenses from construction contracts in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Significant judgement is exercised in determining the stage of completion, the extent of recovery of the contract costs incurred, the total estimated contract revenue and contract costs. The Group's judgement is based on past experience and by reference to work performed by specialists.

Notes To The Financial Statements

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.4 **Significant Accounting Estimates and Judgements (Continued)**

(b) **Critical Judgements Made in Applying Accounting Policies**

(i) **Non-current Assets Held for Sale**

Non-current assets held for sale are in respect of properties which are pending disposal and in line with the rationalisation plan of the Group. These assets are actively marketed for sale. The Group expects the sale of such properties to be completed within the next 12 months. However, the Group has continued to classify certain assets as non-current assets held for sale even though the sale has not been completed within one year as the delay is caused by circumstances beyond the Group's control and the Group remains committed to its plan to sell the assets.

(ii) **Going concern assumption**

As described in Note 2, without the successful completion of the corporate proposals and continuous support from the bankers, there is significant doubt that the Group and the Company will be able to continue as going concerns. The directors are confident that the Group would able to complete the corporate proposal successfully and obtain the continuous support from its bankers, therefore, the going concern assumption remains appropriate in the preparation of the financial statements.

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Notes To The Financial Statements

4. **PROPERTY, PLANT AND EQUIPMENT**

Group **2009**	**Freehold land** RM	**Buildings** RM	**Electrical installation** RM	**Factory equipment** RM	**Furniture, fittings and equipment** RM	**Motor vehicles** RM	**Plant and machinery** RM	**Renovation** RM	**Total** RM
Carrying amount									
At 1st January 2009	9,025,001	2,860,260	27,708	49,318	113,590	298,651	1,891,124	50,142	14,315,794
Additions	-	-	-	-	-	-	-	-	-
Depreciation for the financial year	-	(59,280)	(16,191)	(27,086)	(27,288)	(38,940)	(421,586)	(12,105)	(602,476)
Disposals	-	-	-	-	-	(34,647)	(133,667)	-	(168,314)
At 31st December 2009	9,025,001	2,800,980	11,517	22,232	86,302	225,064	1,335,871	38,037	13,545,004
Carrying amount									
Cost/valuation	9,025,001	2,964,003	228,285	748,368	656,979	367,544	10,215,363	220,751	24,426,294
Accumulated depreciation and impairment losses	-	(163,023)	(216,768)	(726,136)	(570,677)	(142,480)	(8,879,492)	(182,714)	(10,881,290)
At 31st December 2009	9,025,001	2,800,980	11,517	22,232	86,302	225,064	1,335,871	38,037	13,545,004

Notes To The Financial Statements

4. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

Group **2008**	**Freehold land** RM	**Buildings** RM	**Electrical installation** RM	**Factory equipment** RM	**Furniture, fittings and equipment** RM	**Motor vehicles** RM	**Plant and machinery** RM	**Renovation** RM	**Total** RM
Carrying amount									
At 1st January 2008	9,025,001	3,047,593	48,127	79,923	126,684	348,726	2,391,472	62,818	15,130,344
Additions	-	-	-	-	27,788	-	20,616	38,500	86,904
Depreciation for the financial year	-	(60,366)	(20,419)	(30,605)	(30,353)	(50,075)	(520,964)	(15,939)	(728,721)
Disposals	-	(126,967)	-	-	-	-	-	-	(126,967)
Reclassification as held for sale (Note 17)	-	-	-	-	(10,529)	-	-	(35,237)	(45,766)
At 31st December 2008	9,025,001	2,860,260	27,708	49,318	113,590	298,651	1,891,124	50,142	14,315,794
Carrying amount									
Cost/valuation	9,025,001	2,964,003	228,285	748,368	656,979	422,249	10,400,363	220,751	24,665,999
Accumulated depreciation and impairment losses	-	(103,743)	(200,577)	(699,050)	(543,389)	(123,598)	(8,509,239)	(170,609)	(10,350,205)
At 31st December 2008	9,025,001	2,860,260	27,708	49,318	113,590	298,651	1,891,124	50,142	14,315,794

Notes To The Financial Statements

4. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

Company 2009	**Buildings** RM	**Electrical installation** RM	**Furniture, fittings and equipment** RM	**Renovation** RM	**Total** RM
Carrying amount					
At 1st January 2009	-	5,740	21,550	13,830	41,120
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation for the financial year	-	(3,312)	(7,714)	(7,023)	(18,049)
At 31st December 2009	-	2,428	13,836	6,807	23,071
Carrying amount					
Cost	-	38,026	95,487	75,937	209,450
Accumulated depreciation and impairment losses	-	(35,598)	(81,651)	(69,130)	(186,379)
At 31st December 2009	-	2,428	13,836	6,807	23,071

Company 2008	**Buildings** RM	**Electrical installation** RM	**Furniture, fittings and equipment** RM	**Renovation** RM	**Total** RM
Carrying amount					
At 1st January 2008	128,050	9,542	31,099	21,424	190,115
Additions	-	-	-	-	-
Disposals	(126,967)	-	-	-	(126,967)
Depreciation for the financial year	(1,083)	(3,802)	(9,549)	(7,594)	(22,028)
At 31st December 2008	-	5,740	21,550	13,830	41,120
Carrying amount					
Cost	-	38,026	95,487	75,937	209,450
Accumulated depreciation and impairment losses	-	(32,286)	(73,937)	(62,107)	(168,330)
At 31st December 2008	-	5,740	21,550	13,830	41,120

Notes To The Financial Statements

4. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

(a) The freehold land and buildings of the Group were revalued in March 2007 by the Directors based on the valuation carried out by an independent professional valuer using the direct comparison method.

Had the revalued assets of the Group been carried at cost less accumulated depreciation, the carrying amount would have been RM10,877,730/- (2008: RM10,951,810/-).

(b) As at 31st December 2009, the net carrying amount of the Group's property, plant and equipment under finance leases are as follows:

	Group	
	2009	**2008**
	RM	**RM**
Motor vehicles	227,617	301,204
Plant and machinery	206,666	237,667
	434,283	538,871

(c) Freehold land and buildings with a carrying amount of RM11,576,500/- (2008: RM11,630,500/-) have been charged to licensed banks for credit facilities granted to the Group (Note 20).

(d) Other property, plant and equipment with net book value of RM135,651/- (2008: RM304,615/-) have been charged to licensed banks for credit facilities granted to the Group (Note 20).

(e) Motor vehicles of the Group with a carrying amount of RM203,000/- (2008: RM231,000/-) respectively are held in trust by third parties.

Notes To The Financial Statements

5. **PROPERTY DEVELOPMENT ACTIVITIES**

(a) **Land held for property development**

	Group 2009 RM	Group 2008 RM
At the beginning of the financial year		
- freehold land, at cost	3,583,699	3,583,699
- development costs	81,109	81,109
	3,664,808	3,664,808
Add: Costs incurred during the financial year	-	-
At the end of the financial year		
- freehold land	3,583,699	3,583,699
- development costs	81,109	81,109
	3,664,808	3,664,808

Freehold land has been charged to a bank for credit facilities granted to a subsidiary company (Note 20).

(b) **Property development costs**

	Group 2009 RM	Group 2008 RM
At the beginning of the financial year		
- freehold land	12,781,271	12,781,271
- development costs	26,018,745	23,088,622
- accumulated costs charged to the income statement	(24,123,585)	(14,169,549)
	14,676,431	21,700,344
Costs incurred during the financial year		
- freehold land	-	-
- development costs	2,697,383	9,434,282
	2,697,383	9,434,282
Costs recognised in income statement during the financial year	(2,246,631)	(9,954,036)
Reclassified as held for sale (Note 17)	-	(6,504,159)
At the end of the financial year		
- freehold land	12,781,271	12,781,271
- development costs	28,716,128	26,018,745
- accumulated cost charged to the income statement	(26,370,216)	(24,123,585)
	15,127,183	14,676,431

Notes To The Financial Statements

5. **PROPERTY DEVELOPMENT ACTIVITIES (Continued)**

(b) **Property development costs (Continued)**

Included in the property development costs are interest expenses of RM1,236,389/ (2008: RM1,186,878/-).

The freehold land held under development has been charged to banks for credit facilities granted to subsidiary companies (Note 20).

6. **INVESTMENT PROPERTIES**

	Group	
	2009	2008
	RM	RM
At 1st January	1,936,471	1,962,658
Depreciation charged for the financial year	(26,187)	(26,187)
At 31st December	1,910,284	1,936,471
Consists of:-		
Freehold buildings	699,300	714,100
Leasehold buildings	1,210,984	1,222,371
	1,910,284	1,936,471

(a) As at 31st December 2009, the fair values of the investment properties are RM2,500,000/-. The fair values are arrived at by reference to market evidence of transaction prices for similar properties assessed by the directors.

(b) The investment properties have been charged to banks for credit facilities granted to the Group (Note 20).

7. **PREPAID LEASE PAYMENTS**

	Group	
	2009	2008
Cost or valuation	RM	RM
At 1st January/31st December	634,197	634,197
Accumulated amortisation		
At 1st January	92,201	84,419
Amortisation for the financial year	5,075	7,782
At 31st December	97,276	92,201
Carrying amount		
At 31st December	536,921	541,996

Notes To The Financial Statements

7. **PREPAID LEASE PAYMENTS (Continued)**

	Group 2009 RM	Group 2008 RM
Consists of:		
Current portion	5,075	7,782
Non-current portion	531,846	534,214
	536,921	541,996

The leasehold land has been charged to banks for credit facilities granted to the Group (Note 20).

8. **GOODWILL ON CONSOLIDATION**

	Group 2009 RM	Group 2008 RM
At 1st January/31st December	1,685,729	1,685,729

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations using cash flow projections based on 3-year cash flow projections.

9. **INVESTMENT IN SUBSIDIARY COMPANIES**

	Company 2009 RM	Company 2008 RM
Unquoted shares, at cost	32,583,244	32,583,244
Less: Accumulated impairment losses	(15,612,992)	(14,175,888)
	16,970,252	18,407,356

Notes To The Financial Statements

9. **INVESTMENT IN SUBSIDIARY COMPANIES (Continued)**

The subsidiary companies are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 %	2008 %	
Held by the Company:				
Minply Sdn. Bhd. #	Malaysia	100	100	Trading in plywood, furniture parts, furniture accessories, wood based panels and other related products and investment holding
Minply (Kuala Lumpur) Sdn. Bhd. #	Malaysia	100	100	Trading of plywood and related products
Minply Industries (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing furniture parts and accessories
Allfit Furniture Industries Sdn. Bhd. #	Malaysia	100	100	Manufacturing and trading of wood based products
Tropikal Permai Sdn. Bhd. #	Malaysia	100	100	Trading in plywood, furniture parts, furniture accessories, wood based panels and other related products
Goldenier Property Management Sdn. Bhd. **	Malaysia	100	100	Property management and investment
Ace Décor Sdn. Bhd. ** #	Malaysia	100	100	General trading
Timberion Sdn. Bhd. ** #	Malaysia	100	100	Dormant
Delitage Sdn. Bhd. **	Malaysia	51	51	Dormant
Metrojan Industry Sdn. Bhd. **	Malaysia	100	100	General trading
Minpalm International Trading Company Sdn. Bhd. **	Malaysia	51	51	Dormant
Minply Construction & Engineering Sdn. Bhd. **	Malaysia	60	60	Construction
Held by a Subsidiary company:				
Tekan Mewah Development Sdn. Bhd. **	Malaysia	100	100	Property development and construction
Minply Development Sdn. Bhd. *	Malaysia	-	100	Property development
MHB Property Development Sdn Bhd *(formerly known as Minply Hotel Sdn. Bhd.)* **	Malaysia	100	100	Dormant
Janavista Sdn. Bhd. **	Malaysia	100	100	Property development

Notes To The Financial Statements

9. **INVESTMENT IN SUBSIDIARY COMPANIES (Continued)**

* *Classified as held for sale.*
** *Audited by another firms of chartered accountants other than Baker Tilly Monteiro Heng.*
# *The Auditors' Report of these subsidiaries contained an emphasis of matter in relation to the going concern consideration.*

Disposal of equity interest in subsidiary companies

On 9th July 2009, the Group entered into a Sale and Purchase Agreement to dispose its entire equity interest held in Minply Development Sdn. Bhd., for a cash consideration of RM2,150,000/-.

10. **AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES**

Amounts owing by/(to) subsidiary companies are unsecured, interest-free and payable upon demand.

11. **DEFERRED TAX (ASSETS)/LIABILITIES**

	Group	
	2009	2008
	RM	RM
At the beginning of the financial year	175,824	(1,064,679)
Transfer (to)/from income statements (Note 28)	(2,503)	1,240,503
At the end of financial year	173,321	175,824
Presented after appropriate offsetting:-		
Deferred tax liabilities, net	173,321	175,824

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

Deferred tax liabilities of the Group

	Property, plant and equipment RM
At the beginning of the financial year	175,824
Transfer from income statements	(2,503)
At the end of financial year	173,321

Notes To The Financial Statements

11. **DEFERRED TAX (ASSETS)/LIABILITIES (Continued)**

The deferred tax assets have not been recognised for the following items:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Deductible temporary differences:				
Property, plant and equipment	(458,039)	(800,399)	(13,344)	(21,033)
Provisions	4,049,407	11,055,408	4,049,407	7,153,566
Unabsorbed capital allowances	2,613,297	2,400,742	69,844	69,844
Unused tax losses	13,256,304	3,765,087	4,145,137	387,675
	19,460,969	16,420,838	8,251,044	7,590,052

The tax effects of temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

12. **INVENTORIES**

	Group	
	2009	2008
	RM	RM
At cost:		
Raw materials	60,734	79,210
Work-in-progress	258,903	275,454
Finished goods	442,979	411,311
	762,616	765,975
Inventories written off	(762,616)	(236,958)
	-	529,017

13. **TRADE RECEIVABLES**

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Trade receivables	9,204,719	12,796,088	-	-
Less: Allowance for doubtful debts	-	(3,404,391)	-	-
	9,204,719	9,391,697	-	-
Accrued billings	9,055,557	9,217,979	-	-
Amount due from customers for contract works (Note 15)	3,722,419	918,567	-	-
	21,982,695	19,528,243	-	-

Notes To The Financial Statements

13. **TRADE RECEIVABLES (Continued)**

Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 7 to 90 days.

Included in trade receivables is an amount owing from Grandtage Portfolio Sdn. Bhd. ("GPSB") of RM3,907,664/- (2008: RM2,409,679/-) which comprises advances made for the extraction of timber logs and the initial deposit paid as stated below. On 12th September 2008, Tropikal Permai Sdn. Bhd. ("TPSB"), a wholly owned subsidiary of the Company entered into an agreement with GPSB to allow TPSB to extract and purchase all timber logs from a timber concession area awarded by the state government and TPSB shall pay GPSB a deposit of RM2,500,000/-, which shall be set-off against the timber logs extracted from the timber concession area.

The working arrangements between TPSB and GPSB are that GPSB shall manage the operation of the timber concession which include the extraction and transport of the timber to the customers of TPSB. In turn, TPSB shall manage the finance function of the timber extraction activities which include accounting and invoicing between TPSB, GPSB and the customers.

Subsequent to the financial year, an amount of RM1,299,948/- was settled by way of contra against the logs extracted and RM1,185,417/- was settled by way of cash.

14. **OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	Group		**Company**	
	2009 RM	2008 RM	2009 RM	2008 RM
Other receivables	932,054	5,025,251	6,290	3,216,813
Less: Allowance for doubtful debts	(110,000)	(3,398,201)	-	(3,104,159)
	822,054	1,627,050	6,290	112,654
Deposits	280,237	500,244	-	7,843
Prepayments	13,593	30,964	-	-
	1,115,884	2,158,258	6,290	120,497
Reclassified as held for sale (Note 17)	-	(379,800)	-	-
	1,115,884	1,778,458	6,290	120,497

Notes To The Financial Statements

15. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	Group	
	2009	2008
	RM	RM
Aggregate costs incurred to date	17,864,893	13,885,420
Add: Attributable profits	1,592,859	696,102
	19,457,752	14,581,522
Less: Progress billings	(15,735,333)	(13,701,379)
	3,722,419	880,143
Amount due from customers for contract works (Note 13)	3,722,419	918,567
Amount due to customers for contract works (Note 22)	-	(38,424)
	3,722,419	880,143

16. CASH AND BANK BALANCES

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash and bank balances	26,325	326,788	4,888	-
Deposits with banks	200,000	38,205	-	-
	226,325	364,993	4,888	-
Reclassified as held for sale (Note 17)	-	(23)	-	-
	226,325	364,970	4,888	-

Fixed deposits amounting to RMNil (2008: RM38,205/-) are pledged to a local bank as security for credit facilities granted to the Group.

17. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 11th November 2008, the Company announced the decision to dispose of its subsidiary, Minply Development Sdn. Bhd. As at 31st December 2008, the assets and liabilities of Minply Development Sdn. Bhd. have been presented on the consolidated balance sheet as a disposal group held for sale and results from this subsidiary are presented separately on the consolidated income statement as a discontinued operation. The carrying amount of the investment in this subsidiary has also been presented as a non-current asset held for sale on the Company's balance sheet as at 31st December 2008.

During the financial year, the Group disposed its entire equity interest held in Minply Development Sdn. Bhd. for a cash consideration of RM2,150,000/-.

Notes To The Financial Statements

17. **DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Continued)**

An analysis of the result of the discontinued operations and the result recognised on the carrying value of the assets of the disposal group are as follows:

	Group	
	Up to the date of disposal RM	2008 RM
Revenue	30,000	-
Expenses	(18,924)	(48,406)
Gain/(loss) before tax of discontinued operations	11,076	(48,406)
Income tax expense	-	-
Gain/(loss) for the financial year from discontinued operations	11,076	(48,406)

The major classes of assets and liabilities of Minply Development Sdn. Bhd. classified as held for sale on the consolidated balance sheet as at 31st December 2008 are as follows:

	Carrying amounts	
	Up to the date of disposal RM	2008 RM
Assets		
Property, plant and equipment	42,885	45,766
Development expenditure	6,557,509	6,504,159
Other receivables	201,000	379,800
Cash and bank balances	23	23
Assets of disposal group classified as held for sale	6,801,417	6,929,748
Liabilities		
Trade payables	-	74,117
Other payables	6,846,734	30,010
Bank overdraft	23	124
Liabilities of disposal group classified as held for sale	6,846,757	104,251
Net liabilities disposed	45,340	
Cash proceeds	2,150,000	
Gain on disposal	2,195,340	

Notes To The Financial Statements

18. **SHARE CAPITAL**

	Group and Company			
	2009 Number of shares Unit	2008 Number of shares Unit	2009 RM	2008 RM
Ordinary shares of RM1/- each				
Authorised:				
At the beginning/end of the financial year	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
At the beginning/end of the financial year	44,000,000	44,000,000	44,000,000	44,000,000

19. **RESERVES**

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-distributable reserves:				
Share premium	13,038,507	13,038,507	13,038,507	13,038,507
Revaluation reserves	66,561	66,561	13,125	13,125
	13,105,068	13,105,068	13,051,632	13,051,632
Distributable reserves:				
Accumulated losses	(34,330,024)	(25,882,015)	(41,681,534)	(34,007,268)
	(21,224,956)	(12,776,947)	(28,629,902)	(20,955,636)

(a) Asset revaluation reserves

The asset revaluation reserves are used to record the increase in fair value of the freehold land and buildings.

(b) Subject to the agreement of the Inland Revenue Board, the Company has:

(i) Tax exempt account amounting to approximately RM581,000/- (2008: RM581,000/-) available for distribution out of tax exempt dividends; and

(ii) Sufficient tax credits under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends amounting to approximately RM3,193,000/- (2008: RM3,193,000/-) out of its future profits.

Notes To The Financial Statements

20. **BORROWINGS**

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Current Liabilities				
Bank overdraft	4,431,987	4,070,041	-	855
Bankers' acceptance and trust receipts	6,484,162	6,138,303	-	-
Hire purchase payables (Note 21)	135,305	180,272	-	-
Term loans	10,895,269	8,650,946	-	-
	21,946,723	19,039,562	-	855
Reclassified as held for sale (Note 17)	-	(124)	-	-
	21,946,723	19,039,438	-	855
Non-current Liabilities				
Hire purchase payables (Note 21)	116,842	140,878	-	-
Term loans	-	1,632,842	-	-
	116,842	1,773,720	-	-
Total Borrowings				
Bank overdraft	4,431,987	4,070,041	-	855
Bankers' acceptance and trust receipts	6,484,162	6,138,303	-	-
Hire purchase payables (Note 21)	252,147	321,150	-	-
Term loans	10,895,269	10,283,788	-	-
	22,063,565	20,813,282	-	855
Reclassified as held for sale (Note 17)	-	(124)	-	-
	22,063,565	20,813,158	-	855

(a) Bank overdrafts and bankers' acceptance and trust receipts of the Group are secured by way of:

(i) Fixed and floating charges of certain property, plant and equipment, freehold land, investment properties and leasehold land as disclosed in Notes 4, 5, 6 and 7 to the financial statements; and

(ii) A corporate guarantee from the Company.

Notes To The Financial Statements

20. **BORROWINGS (Continued)**

(b) Term loans

Term loans of the Group are secured by legal charges over the freehold land and buildings of the subsidiary companies as disclosed in Notes 4 and 5 to the financial statements and a corporate guarantee from the Company.

(i) During the previous financial year, CIMB Bank Berhad had initiated legal proceedings against three wholly owned subsidiaries, being Minply (Kuala Lumpur) Sdn. Bhd., Minply Sdn. Bhd. and Tropikal Permai Sdn. Bhd. for the default in the repayment of bank borrowings. The details of the writ of summons have been disclosed in Note 34(b), Note 34(c) and Note 34(d) to the financial statements.

On 26th February 2009, the Company had announced the default in the repayment of bank borrowings pursuant to the requirements of Practice Note 1/2001 issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Company further announced that all the three subsidiaries are not the major subsidiaries of the Company and all debts would be settled in full within twelve months from the date of the announcement. A solvency declaration was filed by the directors of the Company to Bursa Malaysia on 26th February 2009 and on the expiry of the said solvency declaration, the directors had subsequently filed another solvency declaration on 25th February 2010.

(ii) On 2th April 2009, United Overseas Bank (M) Berhad had initiated legal proceedings against two wholly owned subsidiaries, being Minply Sdn. Bhd. and Allfit Furniture Industries Sdn. Bhd. for the default in the repayment of bank borrowings. The details of the writ of summons have been disclosed in Note 34(k) and Note 34(l) to the financial statements.

On 7th August 2009, the Company had announced the default in the repayment of bank borrowings pursuant to the requirements of Practice Note 1/2001 issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Company further announced that both subsidiaries are not the major subsidiaries of the Company and all debts would be settled in full within twelve months from the date of the announcement. A solvency declaration was filed by the directors of the Company to Bursa Malaysia on 26th February 2009 and on the expiry of the said solvency declaration, the directors had subsequently filed another solvency declaration on 25th February 2010.

On 3rd March 2010, the Company announced that the subsidiaries had submitted debt settlement proposals to the banks involved and is currently pending for approval from the banks.

Notes To The Financial Statements

21. HIRE PURCHASE PAYABLES

	Group	
	2009	2008
	RM	RM
Minimum hire purchase payments		
- not later than one year	174,048	199,116
- later than one year but not later than five years	101,215	159,343
- later than five years	37,084	-
	312,347	358,459
Less: Future finance charges	(60,200)	(37,309)
	252,147	321,150
Represented by:-		
Current		
- not later than one year	135,305	180,272
Non-current		
- later than one year but not later than five years	79,758	140,878
- later than five years	37,084	-
	252,147	321,150

22. TRADE PAYABLES

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Trade payables	4,264,444	3,571,578	-	-
Amount due to customers for contract works (Note 15)	-	38,424	-	-
	4,264,444	3,610,002	-	-
Reclassified as held for sale (Note 17)	-	(74,117)	-	-
	4,264,444	3,535,885	-	-

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from seven days to three months.

Notes To The Financial Statements

23. OTHER PAYABLES AND ACCRUALS

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Amount owing to Directors	655,305	866,611	55,870	16,950
Other payables	5,366,319	5,746,926	413,867	318,161
Accruals	475,942	217,074	42,794	7,356
	6,497,566	6,830,611	512,531	342,467
Reclassified as held for sale (Note 17)	-	(30,010)	-	-
	6,497,566	6,800,601	512,531	342,467

(a) Amount owing to Directors represents advances from Directors which are unsecured, interest-free and have no fixed terms of repayments.

(b) Included in other payables of the Group are balance of the purchase consideration of RM3,509,195/- (2008: RM3,509,195/-) owing to a vendor of a subsidiary company arising from the acquisition of the subsidiary.

24. REVENUE

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Sales of goods	8,893,603	8,560,159	-	-
Sale of development properties	1,863,323	12,772,903	-	-
Contract revenue	372,181	2,631,329	-	-
	11,129,107	23,964,391	-	-

25. COST OF SALES

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cost of goods sold	9,053,952	9,105,752	-	-
Cost of development properties	2,250,509	9,954,037	-	-
Contract costs	46,080	2,073,486	-	-
	11,350,541	21,133,275	-	-

Notes To The Financial Statements

26. OPERATING LOSS BEFORE TAXATION

Operating loss before taxation has been arrived at:-

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
After charging:-				
Allowance for doubtful debts				
- trade receivables	27,391	1,376,405	-	-
- amount owing by subsidiary companies	-	-	-	4,067,797
Amortisation on prepaid lease payments for land	5,075	7,782	-	-
Auditors' remuneration				
- current year	91,925	96,000	11,600	11,600
- prior year	8,750	-	14,150	-
Bad debts written-off	6,327,467	515,256	5,169,489	-
Depreciation of investment properties	26,187	26,187	-	-
Depreciation of property,plant and equipment	602,476	728,721	18,049	22,028
Directors' remuneration:				
- payable by subsidiary companies	45,000	32,000	-	-
Hiring of lorries and machineries	-	18,502	-	-
Impairment losses on:				
- investment in subsidiary companies	-	-	1,437,104	8,712,052
Inventories written off	525,658	226,722	-	-
Loss on disposal:				
- other investment	-	12,450	-	-
- property, plant and equipment	-	16,967	-	16,967
Realised loss from foreign currency transactions	-	637	-	-
Rental expenses:				
- hostels	-	5,000	-	-
- premises	55,148	169,276	45,688	50,316
Employee benefits				
- salaries, wages and bonuses	491,228	1,203,560	226,398	320,502
- Employees' Provident Fund	56,144	119,625	21,130	38,417
- other benefits	887	24,749	1,958	7,500
And crediting:-				
Allowance for doubtful debts no longer required	-	481,977	-	-
Bad debts recovered	-	354,072	-	-
Forfeiture income	260,000	-	-	-
Gain on disposal of property, plant and equipment	7,186	-	-	-
Gain on disposal of assets classified as held for sales	2,195,340	-	-	-
Interest income	2,093	2,010	-	-
Rental income	149,000	152,764	-	-
Storage charge	-	78,133	-	-

Notes To The Financial Statements

27. FINANCE COSTS

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Bank charges	131,224	99,821	561	827
Interest on:				
Bank overdrafts	312,252	316,206	-	-
Term loans	920,303	754,222	-	-
Hire purchase	19,975	21,291	-	-
Bankers' acceptance	414,128	454,848	-	-
Trust receipts	-	44,500	-	-
	1,666,658	1,591,067	-	-
	1,797,882	1,690,888	561	827

28. TAXATION

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Income tax				
- current year	(66,319)	(522,619)	-	-
- prior year	(637,022)	-	(395,921)	-
Deferred tax (Note 11)				
- current year	-	(1,240,503)	-	-
- prior year	2,503	-	-	-
	(700,838)	(1,763,122)	(395,921)	-

Income tax is calculated at the Malaysian statutory rate of 25% (2008: 26%) of the estimated assessable profit for the fiscal year.

Notes To The Financial Statements

28. TAXATION (Continued)

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

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Loss before taxation	(9,932,424)	(2,134,548)	(7,278,345)	(13,099,305)
Taxation at applicable tax rate of 25% (2008: 26%)	2,483,106	554,982	1,819,586	3,405,819
Tax effects arising from:				
- Non-taxable income	3,506	217,373	-	-
- Expenses not deductible for tax purposes	(1,792,898)	(301,717)	(1,654,338)	(622,710)
- Tax recoverable under Section 110	-	23,972	-	-
- Origination of deferred tax assets not recognised in the financial statements	(760,033)	(1,992,685)	(165,248)	(2,676,066)
- Change in tax rate	-	(88,018)	-	(107,043)
- (Over)/underprovision in prior years:				
- Income tax	(637,022)	-	(395,921)	-
- Deferred tax	2,503	(177,029)	-	-
Tax expense for the financial year	(700,838)	(1,763,122)	(395,921)	-

29. LOSS PER ORDINARY SHARE

	Group	
	2009	2008
	RM	RM
Loss from continuing operations attributable to equity holders of the Company	(10,654,425)	(3,846,373)
Gain/(loss) from discontinued operations attributable to equity holders of the Company	2,206,416	(48,406)
Net loss attributable to equity holders of the Company	(8,448,009)	(3,894,779)
Number of shares in issue	44,000,000	44,000,000
Basic loss per ordinary share (sen) for:		
- loss from continuing operations	(24.21)	(8.74)
- gain/(loss) from discontinued operations	5.01	(0.11)
Basic, for loss for the financial year	(19.20)	(8.85)
Diluted loss per ordinary share (sen) for:		
- loss from continuing operations	(24.21)	(8.74)
- gain/(loss) from discontinued operations	5.01	(0.11)
Diluted, for loss for the financial year	(19.20)	(8.85)

Notes To The Financial Statements

29. **LOSS PER ORDINARY SHARE (Continued)**

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

There is no dilution in basic loss per ordinary share of the Group as there were no potential ordinary shares outstanding as at 31st December 2009.

30. **SIGNIFICANT RELATED PARTY TRANSACTIONS**

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

	Group		**Company**	
	2009	2008	2009	2008
	RM	RM	RM	RM
Accounting fees charged to subsidiary companies	-	-	-	317,544

The related party transactions described above was carried out on the terms and conditions not materially different from those obtainable from transactions with unrelated parties.

(c) Compensation of key management personnel

The remuneration of Directors and other key management personnel during the financial year were as follows:

	Group		**Company**	
	2009	2008	2009	2008
	RM	RM	RM	RM
Directors' emoluments:				
- salary and allowances	45,000	32,000	-	-

Notes To The Financial Statements

31. **SEGMENT REPORTING**

The Group comprise of the following main business segments:

Manufacturing	:	Manufacturing of furniture parts, furniture accessories and wood based products
Trading	:	Trading in plywood, furniture parts, furniture accessories, wood based panels and other related products
Property development	:	Development of residential and commercial properties
Others	:	Investment holding and dormant companies neither of which constitutes a separately reportable segment

Notes To The Financial Statements

31. **SEGMENT REPORTING (Continued)**

Group	**Manufacturing**	**Trading**	**Property development**	**Others**	**Eliminations**	**Consolidated**
2009	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Revenue						
External sales	99,910	8,793,693	6,167,296	-	(3,931,792)	11,129,107
Inter-segment sales	(18,334)	-	(3,913,458)	-	3,931,792	-
Total revenue	81,576	8,793,693	2,253,838	-	-	11,129,107
Results						
Segment results	(1,262,571)	(184,401)	(456,060)	(6,231,510)		(8,134,542)
Finance costs						(1,797,882)
Loss before tax						(9,932,424)
Taxation						(700,838)
Loss for the financial year						(10,633,262)
Other information						
Segment assets	9,855,354	45,405,268	42,007,088	31,997,131	(69,464,692)	59,800,149
Segment liabilities	12,118,107	27,852,910	31,822,783	19,931,157	(55,120,337)	36,604,620
Capital expenditure	-	-	-	-	-	-
Depreciation on property, plant and equipment	368,397	174,465	41,372	18,242	-	602,476
Depreciation on investment properties	14,800	11,387	-	-	-	26,187
Amortisation of prepaid lease payments	-	5,075	-	-	-	5,075

Notes To The Financial Statements

31. **SEGMENT REPORTING (Continued)**

Group 2008	**Manufacturing RM**	**Trading RM**	**Property development RM**	**Others RM**	**Eliminations RM**	**Consolidated RM**
Revenue						
External sales	2,578,026	9,192,984	21,099,103	-	(8,905,722)	23,964,391
Inter-segment sales	(1,593,990)	(1,616,862)	(5,694,870)	-	8,905,722	-
Total revenue	984,036	7,576,122	15,404,233	-	-	23,964,391
Results						
Segment results	(1,217,475)	(1,513,308)	2,630,054	(9,054,983)	8,712,052	(443,660)
Finance costs						(1,690,888)
Loss before tax						(2,134,548)
Taxation						(1,763,122)
Loss for the financial year						(3,897,670)
Other information						
Segment assets	10,903,999	48,113,552	46,671,208	45,360,871	(84,413,131)	66,636,499
Segment liabilities	11,603,176	28,883,444	35,993,526	28,594,747	(70,060,769)	35,014,124
Capital expenditure	20,616	-	16,378	-	-	36,994
Depreciation on property, plant and equipment	457,104	203,890	41,361	22,221	-	724,576
Depreciation on investment properties	14,800	11,387	-	-	-	26,187
Amortisation of prepaid lease payments	-	7,782	-	-	-	7,782

Notes To The Financial Statements

31. **SEGMENT REPORTING (Continued)**

Geographical segments

The Group operates predominantly in Malaysia and accordingly, the segment assets and capital additions are located in Malaysia.

32. **FINANCIAL INSTRUMENTS**

(i) **Financial Risk Management Objective and Policies**

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group is exposed mainly to liquidity risk, interest rate risk and credit risk. Information on the management of the related expense are detailed below.

(a) **Liquidity risk**

The Group has defaulted certain obligations relating to bank borrowings as disclosed in Note 20 and the financial institutions have served writ of summons to the Group to recall the borrowings involved. This has resulted in a significant liquidity risk to the Group.

The ability of the Group to continue as going concern is dependent on the successful completion of the corporate proposals and the continuous support from the bankers.

Notes To The Financial Statements

32. **FINANCIAL INSTRUMENTS (Continued)**

(i) **Financial Risk Management Objective and Policies (Continued)**

(b) **Interest rate risk**

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

	Average effective interest rate %	Within 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
At 31 December 2009					
Fixed rates					
Deposit with banks	1.50 - 2.00	200,000	-	-	200,000
Hire purchase payables	4.20 - 9.30	135,305	79,758	37,084	252,147
Floating rates					
Bank overdrafts	8.00 - 8.75	4,431,987	-	-	4,431,987
Bankers' acceptance and trust receipts	8.00 - 8.75	6,484,162	-	-	6,484,162
Term loans	8.00 - 8.75	10,895,269	-	-	10,895,269
At 31 December 2008					
Fixed rates					
Deposit with banks	1.50 - 2.00	38,205	-	-	38,205
Hire purchase payables	4.20 - 9.30	180,272	140,878	-	321,150
Floating rates					
Bank overdrafts	8.00 - 8.75	4,070,041	-	-	4,070,041
Bankers' acceptance and trust receipts	8.00 - 8.75	6,138,303	-	-	6,138,303
Term loans	8.00 - 8.75	8,650,946	1,632,842	-	10,283,788

Notes To The Financial Statements

32. **FINANCIAL INSTRUMENTS (Continued)**

(i) **Financial Risk Management Objective and Policies (Continued)**

(c) **Credit risk**

Cash deposit and trade and other receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are local major financial institutions and reputable multinational organisations. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period generally ranges from seven days to three months.

The Groups' historical experience in collection of trade and other receivables falls within the recorded allowances. Due to these factors, the Directors believe that no additional credit risk beyond amount provided for doubtful debts inherent in the Group's trade and other receivables.

In respect of the deposits and cash and bank balances placed with the major financial institutions in Malaysia, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

(ii) **Fair Values**

The fair values of financial assets and financial liabilities of the Group and of the Company approximate their carrying amounts of the balance sheets. There were no financial instruments not recognised in the balance sheets as at 31st December 2009.

The nominal/rational amount and net fair value of the contingent liabilities as disclosed in Note 33 to the financial statements are not recognised in the balance sheets as at 31st December 2009 as it is not practicable to make a reliable estimate due to uncertainties of timing, costs and actual outcome.

Notes To The Financial Statements

33. CONTINGENT LIABILITIES

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Guarantee for banking facilities granted to subsidiary companies	-	-	26,512,000	26,512,000
Guarantee granted to third parties for trade credit facility given to subsidiary companies	-	-	-	500,000
	-	-	26,512,000	27,012,000

34. MATERIAL LITIGATION

(a) During financial year ended 2007, the vendors of Janavista Sdn. Bhd., had instituted an action against this wholly-owned subsidiary company, in seeking a refund of deposit of RM1.6 million which was paid for acquiring the Polo Vista land owned by this subsidiary company. Such transaction was carried out before the Group signed the shares sale agreement on 19th December 2006 with the vendors of Janavista Sdn. Bhd.

On 24th August 2007, the vendors had instituted another action against Janavista Sdn. Bhd. and a Director of this subsidiary company for the settlement of the outstanding balance of the purchase price together with interest and costs or seeking the termination of the above-mentioned shares sale agreement. The Group had however filed its defence and counter claimed the vendors for an amount of RM21,313,914/-. However, as at to date, no action had been taken by the vendor.

No provision has been made in the financial statements of the Group as the Directors have been advised by their solicitors that the Group has reasonable prospect of success in resisting the Plaintiffs' claims.

(b) On 19th November 2008, a Writ of Summons was served by CIMB Bank Berhad ("CIMB") on Minply (Kuala Lumpur) Sdn. Bhd. ("MKLSB"), a wholly owned subsidiary of the Company claiming for:

(i) Bank overdraft facility of RM503,290/- granted together with interest at the rate of 3.5% per annum above the Base Lending Rate from 12th November 2008 until repayment;

(ii) Bankers' acceptance of RM1,507,414/- granted together with interest at the rate of 2.5% per annum above the Base Lending Rate from 12th November 2008 until repayment.

The Company had filed to set aside judgement on 1st April 2009. MKLSB's Application to set aside judgement is fixed on 5th May 2010 for decision.

On 30th March 2010, the Company announced that a debt settlement proposal had been submitted to CIMB and is currently still pending for approval. No provision for losses has been made as the directors are confident that the subsidiary will succeed to set aside the judgement and the debt settlement proposal will be acceptable by CIMB.

Notes To The Financial Statements

34. **MATERIAL LITIGATION (Continued)**

(c) On 20th November 2008, a Writ of Summons was served by CIMB Bank Berhad ("CIMB") on Minply Sdn. Bhd. ("MSB"), a wholly owned subsidiary of the Company claiming for:

(i) Bank overdraft facility of RM1,003,053/- granted together with interest at the rate of 3.5% per annum above the Base Lending Rate from 12th November 2008 until repayment;

(ii) Bankers' acceptance of RM3,578,389/- granted together with interest at the rate of 2.5% per annum above the Base Lending Rate from 12th November 2008 until repayment.

The Company had filed a defence on 13th March 2009. CIMB had obtained summary judgement on 2nd December 2009 and yet to receive the sealed copy of the Judgement.

On 30th March 2010, the Company announced that a debt settlement proposal had been submitted to CIMB and is currently still pending for approval. No provision for losses has been made as the directors are confident that the subsidiary will succeed to set aside the judgement and the debt settlement proposal will be acceptable by CIMB.

(d) On 21st November 2008, a Writ of Summons was served by CIMB Bank Berhad ("CIMB") on Tropikal Permai Sdn. Bhd. ("TPSB"), a wholly owned subsidiary of the Company claiming for:

(i) Bank overdraft facility of RM503,499/- granted together with interest at the rate of 3.5% per annum above the Base Lending Rate from 12th November 2008 until repayment;

(ii) Term loan facility of RM1,012,057/- granted together with interest at the rate of 3.0% per annum above the Base Lending Rate from 12th November 2008 until repayment;

(iii) Bankers' acceptance of RM1,421,336/- granted together with interest at the rate of 2.5% per annum above the Base Lending Rate from 12th November 2008 until repayment.

The Company had filed the application to set aside judgement on 1st April 2009. TPSB's Application to set aside judgement is fixed on 5th May 2010 for decision.

On 30th March 2010, the Company announced that a debt settlement proposal had been submitted to CIMB and is currently still pending for approval. No provision for losses has been made as the directors are confident that the subsidiary will succeed to set aside the judgement and the debt settlement proposal will be acceptable by CIMB.

Notes To The Financial Statements

34. **MATERIAL LITIGATION (Continued)**

(e) Hong Leong Bank Berhad ("HLB") has filed a suit against Janavista Sdn. Bhd. to deliver a memorandum of transfer of title to be registered in favour of Wong Yu Chiu, Lee Won Keng and Mah Mun Pein ("Wong, Lee and Mah") and letter of consent issued by the relevant authorities including the Selangor State Authority to enable the Plaintiff to charge the land. Costs and damages have been claimed in a sum to be fixed by the Court. HLB has granted banking facilities to Wong, Lee and Mah for the purpose of acquiring the properties in Kota Damansara.

Blanket consent had been obtained from Pejabat Tanah dan Galian Selangor dated 15th September 2009 to transfer the properties directly to Wong, Lee and Mah. The court has fixed for further mention on 25th May 2010.

No provision has been made in the financial statements of the Group as the Directors have been advised by their solicitors that the Group has reasonable prospect of success in resisting the Plaintiffs' claims.

(f) Janavista Sdn. Bhd. has entered into a Sale and Purchase Agreement dated 29th October 2004 and three Sale and Purchase Agreements dated 12th January 2006 with the Plaintiff, Poon Tak Woo Mark for the sales of 4 units of bungalow lots. The Plaintiff claims the following :

(i) Specific performance of the said Sales and Purchase Agreements respectively to be completed six months from the date of the order herein;

(ii) An injunction restraining the defendant from disposing of and registering the transfer of the said lots to any other person other than to the Plaintiff.

(iii) To cause the delivery up of the titles to the said lots within 7 days from the date of the order herein to the Plaintiff's solicitor to be held as stakeholders until the due performance and completion of the said Sales and Purchase Agreement.

The case was fixed for case management on 8th February 2010. The court has allowed the Plaintiff claims. Janavista Sdn. Bhd. has made an application for a stay which was fixed for hearing on 5th May 2010 and has appealed against the decision of the High Court pertaining to the summary judgement. The appeal is pending.

No provision has been made in the financial statements of the Group as the Directors have been advised by their solicitors that the Group has reasonable prospect of success in resisting the Plaintiffs' claims.

Notes To The Financial Statements

34. **MATERIAL LITIGATION (Continued)**

(g) Statutory notice dated 6th November 2008 issued to Minply Holdings (M) Bhd. ("MHB") as a corporate guarantor for Tropikal Permai Sdn. Bhd.("TPSB") that MHB is required to pay RMC Concrete (M) Sdn. Bhd. the balance principal sum plus interest owed by TPSB amounting to RM333,529/-.

On 6th October 2009, a winding up order was filed against TPSB, by RMC Concrete (M) Sdn. Bhd. An appeal to the Court of Appeal against the winding up order and an application to stay the winding up order will be filed by the Company. In the meantime, the Official Receiver sanction is being sought by the directors of TPSB to enable them to continue legal proceedings brought against RMC Concrete (M) Sdn. Bhd. for a claim amounting to the sum of RM541,100/-.

The case has been settled out of court.

(h) Writ of summon dated 20th October 2008 submitted by Hong Bee Hardware Company Sdn. Bhd.'s solicitor to demand the amount owed by Minply (Kuala Lumpur) Sdn. Bhd. ("MKLSB") for goods sold and delivered to MKLSB amounting to RM198,849/- plus interest. The order and judgement has been obtained against the Company on 26th August 2009. The Company will file an appeal to strike out their claim.

No provision has been made in the financial statements of the Group as the Directors have been advised by their solicitors that the Group has reasonable prospect of success in resisting the plaintiffs' claims.

(i) Teguh Utama Trading Sdn. Bhd. had instituted an action against Minply Construction & Engineering Sdn. Bhd. for an amount of RM222,275/- being the outstanding amount of goods sold and delivered. The court has allowed the Plaintiff claim with cost.

The case has been settled out of court.

(j) A legal action has been instituted by a third party against a wholly-owned subsidiary company, Janavista Sdn. Bhd. for trespassing and encroaching into the land owned by the third party which is located beside the development project of the subsidiary company.

The Directors of the Company have disputed the aforesaid claims via its opposing affidavit. The Plaintiff's application for interim injunction is fixed for hearing on 19th February 2010. An ad interim injunction was granted by the Judicial Commission on 3rd February 2010 pending disposal of inter-parte hearing on 3rd February 2010. The Plaintiff is to cease all construction work on each of the houses until disposal of the inter-parte hearing.

No provision has been made in the financial statements of the Group as the Directors have been advised by their solicitors that the Group has reasonable prospect of success in resisting the Plaintiffs' claims.

Notes To The Financial Statements

34. **MATERIAL LITIGATION (Continued)**

(k) On 2nd April 2009, a Writ of Summons was served by United Overseas Bank (M) Berhad ("UOB") on Allfit Furniture Industries Sdn. Bhd. ("AFISB"), a wholly owned subsidiary of the Company claiming for:

(i) Bank overdraft facility of RM1,084,404/- granted together with interest at the rate of 3.5% per annum above the Base Lending Rate from 1st February 2009 until repayment;

(ii) Fixed loan of RM2,062,852/- granted together with interest at the rate of 3.5% per annum above the Base Lending Rate from 1st February 2009 until repayment.

UOB has on 19th October 2009 obtained order for sale of properties held under HS(D) 2853, 2854 and 2955, PTD 3995, 3996 and 3997 Mukim Api-Api, District of Pontian.

UOB had filed the application for summary judgement on 30th June 2009 and the Company had filed the application for stay on 18th August 2009. UOB has further agreed on 29th December 2009 to keep the legal action in abeyance for another 3 months pending Minply Holdings (M) Berhad's restructuring exercise.

No provision for losses has been made as the directors are confident that the subsidiary will succeed to set aside the judgement and the debt settlement proposal will be acceptable by UOB.

(l) On 2nd April 2009, a Writ of Summons was served by United Overseas Bank (M) Berhad ("UOB") on Minply Sdn. Bhd. ("MSB"), a wholly owned subsidiary of the Company claiming for:

(i) Bank overdraft facility of RM998,936/- granted together with interest at the rate of 3.5% per annum above the Base Lending Rate from 1st February 2009 until repayment;

(ii) Fixed loan 1 of RM2,285,586/- granted together with interest at the rate of 3.5% per annum above the Base Lending Rate from 1st February 2009 until repayment;

(iii) Fixed loan 2 of RM4,176,309/- granted together with interest at the rate of 3.5% per annum above the Base Lending Rate from 1st February 2009 until repayment.

UOB had filed the application for summary judgement on 18th August 2009 and the Company had filed the application for stay on 19th October 2009. UOB has further agreed on 29th December 2009 to keep the legal action in abeyance for another 3 months pending Minply Holdings (M) Berhad's restructuring exercise.

No provision for losses has been made as the directors are confident that the subsidiary will succeed to set aside the judgement and the debt settlement proposal will be acceptable by UOB.

Notes To The Financial Statements

35. **EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

(a) On 13th January 2010, Timberion Sdn. Bhd., a wholly owned subsidiary of the Company had signed a Memorandum of Understanding with Elitprop Sdn. Bhd. to obtain an exclusive right to construct and develop a piece of land for a housing project.

(b) On 14th January 2010, the Company had proposed to undertake the following corporate proposals:-

(i) Proposed share capital reduction by the cancellation of RM0.80 of the par value of every existing ordinary share of RM1/- each to be off-set against the accumulated losses of the Company;

(ii) Proposed renounceable rights issue of up to 132,000,000 new ordinary shares of RM0.20 each ("Rights Shares") together with up to 88,000,000 free detachable warrants ("Warrants") on the basis of three Rights Shares for every one existing ordinary share of RM0.20 each held on the entitlement date to be determined and two Warrants for every three Rights Shares subscribed at an indicative issue price of RM0.20 per Rights Share;

(iii) Proposed amendments to the Company's memorandum and articles of association to facilitate the change in the par value of the ordinary shares of RM1/- each as a result from the proposed capital reduction.

(c) Minply Sdn. Bhd., a wholly owned subsidiary of the Company had on 13th April 2010 entered into a Sale and Purchase Agreement with KL Alum Gypsum Board Trading Sdn. Bhd. to dispose of a three and half storey corner leasehold terrace factory held under Lot No. 20497, PM 326, Mukim of Petaling, District of Kuala Lumpur, Wilayah Persekutuan for a cash consideration of RM1,470,000/-.

List Of Properties Of The Group
AS AT 31 DECEMBER 2009

Location	Description Of property	Tenure	Approximate Age of Building	Land/Build Up area (sq ft)	Net Book Value (RM)	Date of Acquisition ("A")/ Revaluation ("R")
Lot 2173, Mukim Serkat District of Pontian Johor Darul Takzim	Vacant Agriculture Land	Freehold	N/A	126,596/ n/a	160,000	6 March 2007 (R)
Subang Impian Apartment Seksyen U5, Shah Alam Fasa 1, Unit No A504 4th Floor, Block A Unit No D202, 1st Floor, Block D, Unit No D111 Ground Floor, Block D	5-storey medium cost walk-up apartment. Constructed on part of the land held under "Tanah Kerajaan" for 16.8 acres in the Mukim of Sg Buloh and District of Petaling	N/A (Land Title yet to be released)	5 years	2,545 (between 834-877 each apartment	249,480	9 March 2007 (R)
Lot 20497 Mukim of Petaling No. 17, Jalan 1/113A Off Jalan Kelang Lama, 58000 Kuala Lumpur	Industrial/ 1 unit of 3 ½ Storey terrace industrial building	Leasehold - 99 years expiring 26.6.2077	21 years	3,444/ 13,127	1,747,903	9 March 2007 (R)
HS (D) 2853,PTD 3995 HS (D) 2854, PTD 3996 HS (D) 2855, PTD 3997 Mukim Api-Api District of Pontian Jalan Kayu Ara Pasong Sg Trus, Pontian Johor Darul Takzim	Industrial/ 2 units of single storey detached factories with a double-storey office annexe and other ancillary buildings	Freehold	The buildings are of the age 7 and 16 years respectively	164,299/ 91,678	4,686,500	7 March 2007 (R)
HS(M) 2656, PTD 8240 and HS(M) 2657, PTD 8241 Mukim Jeram Batu No 32 & 34 Jalan Industri 1 Taman Perindustrian Pekan Nenas 81500 Pekan Nenas, Pontian Johor Darul Takzim	Industrial/ 2 units of 1 ½ storey semi detached factories	Freehold	10 years	32,295/ 30,210	1,599,300	6 March 2007 (R)
Lot 2377 Mukim Jeram Batu District of Pontian Johor Darul Takzim	Industrial/Converted Industrial land/ 1 unit of factory	Freehold	N/A	257,256/ 31,672	2,570,000	7 March 2007 (R)
HS(M) 3336, PTD 8831 HS(M) 3337, PTD 8832 HS(M) 3338, PTD 8833 HS(M) 3339, PTD 8834 HS(M) 3340, PTD 8835 and HS(M) 3341, PTD 8836 Lot 950, Mukim Jeram Batu District of Pontian Johor Darul Takzim	Industrial/ Vacant land	Freehold	N/A	271,604/ n/a	3,260,000	7 March 2007 (R)
HS(D) 13297 to 13400 & HS(D) 13402 to 13421 Town of Lukut District of Port Dickson Negeri Sembilan	124 parcels of vacant commercial and residential land	Freehold	N/A	332,615	8,000,000	22 June 2006

Analysis Of Shareholdings As At 30/04/2010

Authorised Share Capital	: RM100,000,000 divided into 100,000,000 Ordinary Shares of RM1.00 per share
Issued and Fully Paid-Up Capital	: RM44,000,000 divided into 44,000,000 Ordinary Shares of RM1.00 per share
Class of Shares	: Ordinary Share
Voting Rights	: One (1) voting right for Ordinary Share

				NO. OF HOLDERS	%	NO. OF HOLDINGS
1	-	99		4	0.14	126
100	-	1,000		763	26.77	745,500
1,001	-	10,000		1,452	50.95	6,934,974
10,001	-	100,000		574	20.14	18,837,100
100,001	-	2,199,999	(*)	57	2.00	17,482,300
2,200,000	AND ABOVE (**)			0	0.00	0
	TOTAL			2,850	100.00	44,000,000

REMARK : *-LESS THAN 5% OF ISSUED HOLDINGS
: **-5% AND ABOVE OF ISSUED HOLDINGS

The 30 Largest Securities Account Holders As At 30/04/2010

	HOLDER NAME AND ADDRESS	NO OF HOLDINGS	%
1	OSK NOMINEES (TEMPATAN) SDN BERHAD PLEDGED SECURITIES ACCOUNT FOR TAN WEI LIAN 21-25 JALAN SEENIVASAGAM 30450 IPOH	1,927,900	4.38
2	THOONG VOON CHOON @ THONG VOON CHOON NO 16 LENGKOK CHATEAU TAMAN CHATEAU 30250 IPOH	1,081,800	2.46
3	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEK CHIAN TENG NO.1, 3 & 5 JALAN PPM 9, PLAZA PANDAN MALIM (BUSINESS PARK) BALAI PANJANG 75250 MALACCA	884,700	2.01
4	WONG CHING KOK NO 29 JALAN 21/18 SEA PARK 46300 PETALING JAYA	712,700	1.62

Analysis Of Shareholdings As At 30/04/2010

The 30 Largest Securities Account Holders As At 30/04/2010 (Continued)

	HOLDER NAME AND ADDRESS	NO OF HOLDINGS	%
5	TANG KWI SIANG NO 19 LORONG BAKAP INDAH 6/3 TAMAN BAKAP INDAH 14200 SUNGAI BAKAP	698,800	1.59
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIAU YONG HWA (8048931) 6TH FLOOR MENARA MULTI-PURPOSE CAPITAL SQUARE NO 8 JALAN MUNSHI ABDULLAH 50100 KUALA LUMPUR	600,000	1.36
7	HEAH HAW WEN NO 1 JALAN TOKONG 31650 IPOH	570,000	1.30
8	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN WEI LIAN NO.1, 3 & 5 JALAN PPM 9, PLAZA PANDAN MALIM (BUSINESS PARK) BALAI PANJANG 75250 MALACCA	535,700	1.22
9	HO HOCK CHENG 28-2-9 MEDAN SAMAK 10150 PENANG	500,000	1.14
10	LEE AH CHAU @ LEE AH CHAN BLOK D-3-9 SANG SURIA CONDO NO 1 JALAN PARKVIEW OFF JALAN IPOH 51100 KUALA LUMPUR	500,000	1.14
11	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LEE CHIN NO.1, 3 & 5 JALAN PPM 9, PLAZA PANDAN MALIM (BUSINESS PARK) BALAI PANJANG 75250 MALACCA	486,400	1.11
12	OSK NOMINEES (TEMPATAN) SDN BERHAD PLEDGED SECURITIES ACCOUNT FOR HEAH HAW WEN 21-25 JALAN SEENIVASAGAM 30450 IPOH	450,000	1.02

Analysis Of Shareholdings As At 30/04/2010

The 30 Largest Securities Account Holders As At 30/04/2010 (Continued)

	HOLDER NAME AND ADDRESS	NO OF HOLDINGS	%
13	KAM LAI YONG 107 JALAN ATHINAHAPAN 2 TAMAN TUN DR ISMAIL 60000 KUALA LUMPUR	370,000	0.84
14	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAM BOON LING 8TH FLOOR KENANGA INTERNATIONAL JALAN SULTAN ISMAIL 50250 KUALA LUMPUR	339,000	0.77
15	THIEN SU ON P O BOX 637 INANAM 89357 KOTA KINABALU	318,800	0.72
16	CHEW KIM YING 20 TINGKAT TAMAN IPOH 10 IPOH GARDEN SOUTH 31400 IPOH	310,000	0.70
17	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIANG TEK LING 95 JLN TUN ABDUL RAZAK 80000 JOHOR BAHRU	300,000	0.68
18	LIM SIEW KHEONG 109 JALAN RIMBIA KAWASAN 1 41000 KLANG	300,000	0.68
19	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIA HONG @ GAN CHIA HONG(E-TMR) P.O.BOX 11167 50738 KUALA LUMPUR	300,000	0.68
20	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LI LI (CEB) LEVEL 3 TOWER TWO RHB CENTRE JALAN TUN RAZAK 50400 KUALA LUMPUR	265,700	0.60

Analysis Of Shareholdings As At 30/04/2010

The 30 Largest Securities Account Holders As At 30/04/2010 (Continued)

	HOLDER NAME AND ADDRESS	NO OF HOLDINGS	%
21	YEO SOO LIN NO 8-12 8TH FLR PANGSAPURI SERDANG MUTIARA (TURFVIEW) JLN SR 6/3 SEK 6 SERDANG RAYA 43300 SERI KEMBANGAN	240,000	0.55
22	WONG YOKE YUN 260 JALAN KOLEJ 43300 SERI KEMBANGAN	236,000	0.54
23	NG CHAI TEE 18 JALAN 14/1 TAMAN TUN RAZAK AMPANG JAYA 68000 AMPANG	234,000	0.53
24	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEOW NGAN CHING (CEB) LEVEL 3 TOWER TWO RHB CENTRE JALAN TUN RAZAK 50400 KUALA LUMPUR	218,600	0.50
25	ELITPROP SDN. BHD. WISMA HWA LIAN 2ND FLOOR JALAN ZAMRUD 6 TAMAN KO-OP 70200 SEREMBAN	210,900	0.48
26	KOH SE LIAN @ KOH KIM SEONG NO 638 JSLAN HARUAN 4/9 PUSAT KUMERSIAL OAKLAND 70300 SEREMBAN	200,000	0.45
27	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY KOK CHANG NO.1, 3 & 5 JALAN PPM 9, PLAZA PANDAN MALIM (BUSINESS PARK) BALAI PANJANG 75250 MALACCA	200,000	0.45
28	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM THEAN SHIANG 14TH FLOOR, MENARA MAYBANK 100, JALAN TUN PERAK 50050 KUALA LUMPUR	200,000	0.45

Analysis Of Shareholdings As At 30/04/2010

The 30 Largest Securities Account Holders As At 30/04/2010 (Continued)

	HOLDER NAME AND ADDRESS	NO OF HOLDINGS	%
29	MUSHTAQ HUSSIN BIN A.AHMAD LOT 8299 KAMPUNG DELEK 41250 KLANG	200,000	0.45
30	PHOON KAM LEAN NO 1 JALAN TR 2/1 TROPICANA GOLF & COUNTRY RESORTS 47410 PETALING JAYA	200,000	0.45
	TOTAL	**13,591,000**	**30.89**
	TOTAL ISSUED HOLDINGS	**44,000,000**	

List Of Substantial Shareholders

	Direct Holdings		Indirect Holdings	
Name	No.of shares	%	No.of shares	%
Dato' Tan Wei Lian	2,377,000.00	5.40	631,000.00	1.43
Tan Lee Chin	496,000.00	1.12	2,642,000.00	6.00

Directors Shareholdings	Direct	%	Indirect	%
Dato' Tan Wei Lian	2,377,000	5.40	631,000	1.43
Tan Lee Chin	496,000	1.12	2,642,000	6.00
Lee Gee Huy @ Lee Kong Fee	-	-	-	-
Chua Eng Chin	-	-	-	-
Kung Chook Fah	-	-	-	-

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of the Company will be held at The Royale Bintang Resort & Spa Seremban, Jalan Dato' A.S. Dawood, 70000 Seremban on Friday, 25 day of June 2010 at 2.30 p.m. for the following purposes:-

A G E N D A

1. To receive the audited Financial Statements for the financial year ended 31st December 2009 and the Reports of the Directors and Auditors thereon. (Resolution 1)

2 To re-elect the following Director retiring pursuant to Article 71 of the Articles of Association :-

Chua Eng Chin (Resolution 2)

3 To re-elect the following Director retiring pursuant to Article 77 of the Articles of Association :-

Kung Chook Fah (Resolution 3)

4. To appoint Messrs. Baker Tilly Monteiro Heng as Auditors and to authorize the Directors to fix their remuneration. (Resolution 4)

5. As Special Business, to consider and if thought fit, to pass the following resolutions:-

5.1 **As Ordinary Resolution -**
Authority to Directors to Allot and Issue Shares
Pursuant to Section 132 D of the Companies Act 1965

"That subject to the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 132 D of the Companies Act 1965 to allot and issue new ordinary shares of RM1.00 in the Company at any time and upon such terms and conditions and for such purposes as the Directors, in their absolute discretion, deem fit, provided that the aggregate number of shares to be 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 for the listing and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 5)

Notice Of Annual General Meeting

5.2 As Special Resolution
Proposed Amendment to the Articles of Association of the Company

"That the existing Article 131 of the Articles of Association be deleted in its entirety and that the following new Article 131 be adopted:

New Article 131
Payment by Post and Discharge

"Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or paid via electronic transfer of remittance to the account provided by the holder who is named on the Register of Member and/or Record of Depositors. Every such cheque or warrant or electronic transfer of remittance shall be made payable to the order of the person to whom it is sent or remitted, and the payment of such cheque or warrant or electronic transfer of remittance shall operate as a good discharge to the Company in respect of the dividend, interest or other money payable in cash represented thereby notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon, or the instruction for the electronic transfer of remittance, has been forged. Every such cheque or warrant or electronic transfer of remittance shall be sent or remitted at the risk of the person entitled to the money thereby represented." (Special Resolution 1)

5.3 Proposed Change of Name

"That subject to the consent of the Companies Commission of Malaysia, approval be and is hereby given for the name of the Company to be changed from Minply Holdings (M) Berhad to "Tiger Synergy Berhad" AND THAT approval and authority be and is hereby given for the Directors and/or Secretaries of the Company to give effect to the proposed change of name of the Company and all matters arising therefrom with full power to do all acts, deeds and things as the Directors and / or Secretaries of the Company shall deem necessary or expedient to implement and give full effect to the aforesaid proposed change of name of the Company." (Special (Resolution 2)

6. To consider any other business of which due notice shall have been given.

BY ORDER OF THE BOARD
NG BEE LIAN (MAICSA 7041392)
TAN ENK PURN (MAICSA 7045521)
Company Secretaries
Kuala Lumpur
Date: 4 June 2010

Notice Of Annual General Meeting

EXPLANATORY NOTES TO SPECIAL BUSINESS:-

Ordinary Resolution No. 5
Proposed Authority to issue shares not exceeding ten (10) per centum of the issued capital of the Company.

The Company continues to consider opportunities to broaden its earnings potential. The proposed Ordinary Resolution No. 5, if granted, will give powers to the Directors to issue up to a maximum ten per centum (10%) of the issued share capital of the Company for the time being fur such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The general mandate sought for issue of securities is a renewal of the said mandate that was approved by the shareholders on 29 June 2009. The Company did not utilized the mandate that was approved last year. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and /or future investment projects, working capital and/or acquisitions.

Special Resolution No. 1
Proposed Amendment to the Articles of Association of the Company.

The proposed Special Resolution is to amend the Company's Articles of Association in line with the amendments in the Listing Requirements for Main Market of the Bursa Malaysia Securities Berhad in relation to e-Dividend.

Special Resolution No.2
Proposed Change of Name

The proposed Special Resolution is to give authority for the Directors and Secretaries of the Company to effect the change of name of the Company from Minply Holdings (M) Berhad to Tiger Synergy Berhad.

NOTES :-

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

2. The proxy form must be duly completed and deposited at the registered office of the Company at No. 482, Ground Floor, Jalan Zamrud 6, Taman Ko-op, 70200 Seremban, Negeri Sembilan not less than 48 hours before the time for holding the meeting. Provided that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his /their proxy, PROVIDED Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s)

Notice Of Annual General Meeting

3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.

4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorized.

Statement Accompanying Notice Of Annual General Meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad

1. **Details of Directors Standing for Re-Election.**

Directors who are standing for re-election at the 15th Annual General Meeting are as follows:-

- Chua Eng Chin
- Kung Chook Fah

The details of the above Directors standing for re-election are set out in their profile which appears on pages 8 of the Company's 2009 Annual Report.

2. **The details of attendance of existing Directors at Board meetings.**

During the financial period, Six (6) Board meetings were held.

Name of Directors	Attendances
Dato' Lee Gee Huy @ Lee Kong Fee	6/6
Chua Eng Chin	6/6
Dato Tan Wei LIan	5/6
Tan Lee Chin	6/6
Kung Chook Fah	1/1

3. **Annual General Meeting of Minply Holdings (M) Berhad**

Royale Bintang Resort & Spa Seremban,
Jalan Dato' A.S. Dawood
70000 Seremban

Date & Time : 25 June 2010 at 2.30 p.m.

PROXY FORM

I/We,____

(PLEASE USE BLOCK LETTERS)

of ____

being a member(s) of MINPLY HOLDINGS (M) BERHAD, hereby appoint ___________________

______________________________of ____

or _____________________________ of ____

or the Chairman of the meeting to be my/our proxy/proxies to attend and on a poll to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at The Royale Bintang Resort & Spa Seremban, Jalan Dato' A.S. Dawood, 70000 Seremban on Friday, 25 June 2010 at 2.30 p.m. or at any adjournment thereof.

My/Our proxy/proxies is/are to vote as indicated below:

Resolution		For	Against
1.	To receive and adopt the audited financial statements for the year ended 31 December 2009 together with the Reports of Directors and Auditors thereon.		
2.	To re-elect Chua Eng Chin who retire pursuant to Article 71 of the Company's Articles of Association.		
3.	To re-elect Kung Chook Fah who retire pursuant to Article 77 of the Company's Articles of Association.		
4.	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company.		
5.	Special Business: Authority to issue shares pursuant to Section 132(D) of the Companies Act 1965. (Ordinary Resolution)		
Special Resolution 1.	Special Business: Proposed amendments to Articles of Association of the Company (Special Resolution)		
Special Resolution 2	Proposed Change of Name (Special Resolution)		

(Please indicate with a cross (x) in the spaces provided whether you wish your vote to be cast for or against the Resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.)

Date ________day of _________________, 2010

Number of Shares Held	

....
Signature/Common Seal

Notes:

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

2. The proxy form must be duly completed and deposited at the registered office of the Company at No. 482, Ground Floor, Jalan Zamrud 6, Taman Ko-op, 70200 Seremban, Negeri Sembilan not less than 48 hours before the time for holding the meeting. Provided that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his /their proxy, PROVIDED Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s)

3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.

4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorized.

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Affix
Stamp
Here

The Secretary
MINPLY HOLDINGS (M) BERHAD (325631-V)
No 482, Ground Floor
Jalan Zamrud 6
Taman Ko-op
70200 Seremban
Negeri Sembilan Darul Khusus
Malaysia

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MINPLY HOLDINGS (M) BERHAD
(325631-V)

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