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CORPORATE INFORMATION

DIRECTORS	LIM TEIK HIAN JIMMY ONG CHIN KENG LIM TECK CHYE WONG SEW YUN NIK AZALAN BIN NIK A. KADIR NG CHEE KONG WONG THAI SUN	EXECUTIVE CHAIRMAN MANAGING DIRECTOR EXECUTIVE DIRECTOR NON EXECUTIVE DIRECTOR NON EXECUTIVE DIRECTOR NON EXECUTIVE DIRECTOR NON EXECUTIVE DIRECTOR
SECRETARIES	LEE PENG LOON P'NG CHEW KEEM	
REGISTERED OFFICE	51-21-A MENARA BHL BANK JALAN SULTAN AHMAD SHAH 10050 PENANG TEL : 04-227 6888 FAX : 04-229 8118	
SHARE REGISTRAR	TRICOR INVESTOR SERVICES SDN BHD (118401-V) LEVEL 17, THE GARDENS NORTH TOWER MID VALLEY CITY, LINGKARAN SYED PUTRA 59200 KUALA LUMPUR TEL : 03-2264 3883 FAX : 03-2282 1886	
AUDIT COMMITTEE	NIK AZALAN BIN NIK A. KADIR NG CHEE KONG WONG SEW YUN WONG THAI SUN	CHAIRMAN AND INDEPENDENT NON EXECUTIVE DIRECTOR INDEPENDENT NON EXECUTIVE DIRECTOR INDEPENDENT NON EXECUTIVE DIRECTOR INDEPENDENT NON EXECUTIVE DIRECTOR
PRINCIPAL BANKERS	CIMB BANK BERHAD (13491-P) HSBC BANK MALAYSIA BERHAD (127776-V) MALAYAN BANKING BERHAD (3813-K)	
AUDITORS	UHY DIONG CHARTERED ACCOUNTANTS 51-21-F MENARA BHL BANK JALAN SULTAN AHMAD SHAH 10050 PULAU PINANG	
STOCK EXCHANGE LISTING	BURSA MALAYSIA / MAIN MARKET	



from right to left : Mr Wong Thai Sun, Mr Ng Chee Kong, Encik Nik Azalan Bin Nik A Kadir, Mr Lim Teik Hian, Mr Jimmy Ong Chin Keng, Mr Wong Sew Yun, Mr Lim Teck Chye

LIM TEIK HIAN | Executive Chairman

Mr Lim Teik Hian, a Malaysian aged 43 was appointed to the Board on 16 February 1996. He has a Diploma in Business Administration from Australia Business College, Melbourne, Australia. Upon graduation, he joined the Company in 1989 as the Marketing Manager and was responsible for the development of domestic market for Emico. At a later stage, he was involved in the general management of the manufacturing concern and was instrumental in the commissioning of modern manufacturing facilities for Emico Group. He was re-designated as Executive Chairman on 24 March 2009. He and his younger brother, Mr Lim Teck Chye sits on the Board of the Company as Executive Director. He is a member of Emico's Nominating Committee. Other than as disclosed in the related party transactions in Note 32 of the Financial Statements, he has no other conflict of interest.

Mr Lim has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.

JIMMY ONG CHIN KENG | Managing Director

Mr Jimmy Ong Chin Keng, a Malaysian aged 47 was appointed to the Board on 16 February 1996. He is a Chartered Accountant and holds a professional qualification from the Malaysian Institute of Certified Public Accountants and is a member of Malaysian Institute of Accountants. He joined Emico Group in February 1993 as the Financial Controller and rose to the rank of Finance Director in 1996 and re-designated as Managing Director on 23 January 2009. Mr Ong has an extensive experience and knowledge in the field of accounting, finance, corporate finance, manufacturing and property development. Prior to his engagement in Emico, he served in two international accounting firms namely PriceWaterhouseCoopers and KPMG for a total of 8 years. Mr Ong has no family relationship with any Director/Substantial shareholders. He is a member of Emico's Remuneration Committee and sits on the Board of several private limited companies. Other than as disclosed in the related party transactions in Note 32 of the Financial Statements, he has no other conflict of interest.

Mr Ong has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.



LIM TECK CHYE | Executive Director

Mr. Lim Teck Chye, a Malaysian aged 36, was appointed to the Board on 11 May 2004. He graduated from University of Toledo, Ohio, USA in Bachelor of Science in Engineering and Master of Science in Industrial Engineering. Upon graduation, he joined Fuji Lift & Escalator Manufacturing Sdn. Bhd. (formerly known as Northern Elevator Manufacturing Sdn Bhd) as its Marketing Manager in July 1997. In mid 1998, he was transferred abroad to set up an elevator manufacturing plant in Fujian province, China. The China factory is in full operation since July 1999 and has obtained ISO 9001:2000 quality certification. He was appointed to the Board of NEB Development Berhad formerly known as Northern Elevator Berhad as the Executive Director in October 1999 and has held the position since then. He and his brother, Mr Lim Teik Hian sits on Board of the Company as Executive Director and Executive Chairman respectively. Other than as disclosed in the related party transactions in Note 32 of the Financial Statements, he has no other conflict of interest.

Mr Lim has not been convicted of any offence in the past 10 years and has attended 3 out of 5 Board meetings held during the financial year.

NIK AZALAN BIN NIK A. KADIR | Independent and Non-Executive Director

Encik Nik Azalan Bin Nik A. Kadir, a Malaysian aged 61 was appointed to the Board on 16 April 1993. He graduated in 1978 with a qualification in Electronic Data Processing (“EDP”) from Caulfield Institute of Technology Melbourne, Australia (currently Caulfield-Monash University). He was a bank officer with Bank Bumiputra Malaysia Berhad from 1978 to 1980. Subsequently, he assumed the position of Senior Executive with the Terengganu State Economic Development Corporation, Terengganu, to pursue his interest in the business sector. He was appointed as a Director of several private limited companies which are principally involved in the assembling, trading and maintenance of personal computers and mini-computers, insulation, fabrication and mechanical siteworks for the oil and gas industry. He also sits on the Board of EG Industries Berhad, a public listed company and Kelang Assets Sdn Bhd, a subsidiary of a public listed company, Worldwide Holdings Berhad. He is also the Chairman of Emico’s Audit Committee and the Remuneration Committee and member of the Nominating Committee.

Encik Nik has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.

NG CHEE KONG | Independent and Non-Executive Director

Mr Ng Chee Kong, a Malaysian aged 67 is an Independent Non-Executive Director of the Company. He was appointed to the Board on 24 May 1999 and is a member of the Audit and the Remuneration Committee. He also sits as the Chairman of the Nominating Committee. He received his early education in Penang and joined the banking profession with a major local bank until his retirement 36 years later. During his tenure with the bank, he obtained a Diploma in Marketing & Selling Bank Services conferred by The International Management Centres, Buckingham, England.

Mr Ng has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.

WONG SEW YUN | Independent and Non-Executive Director

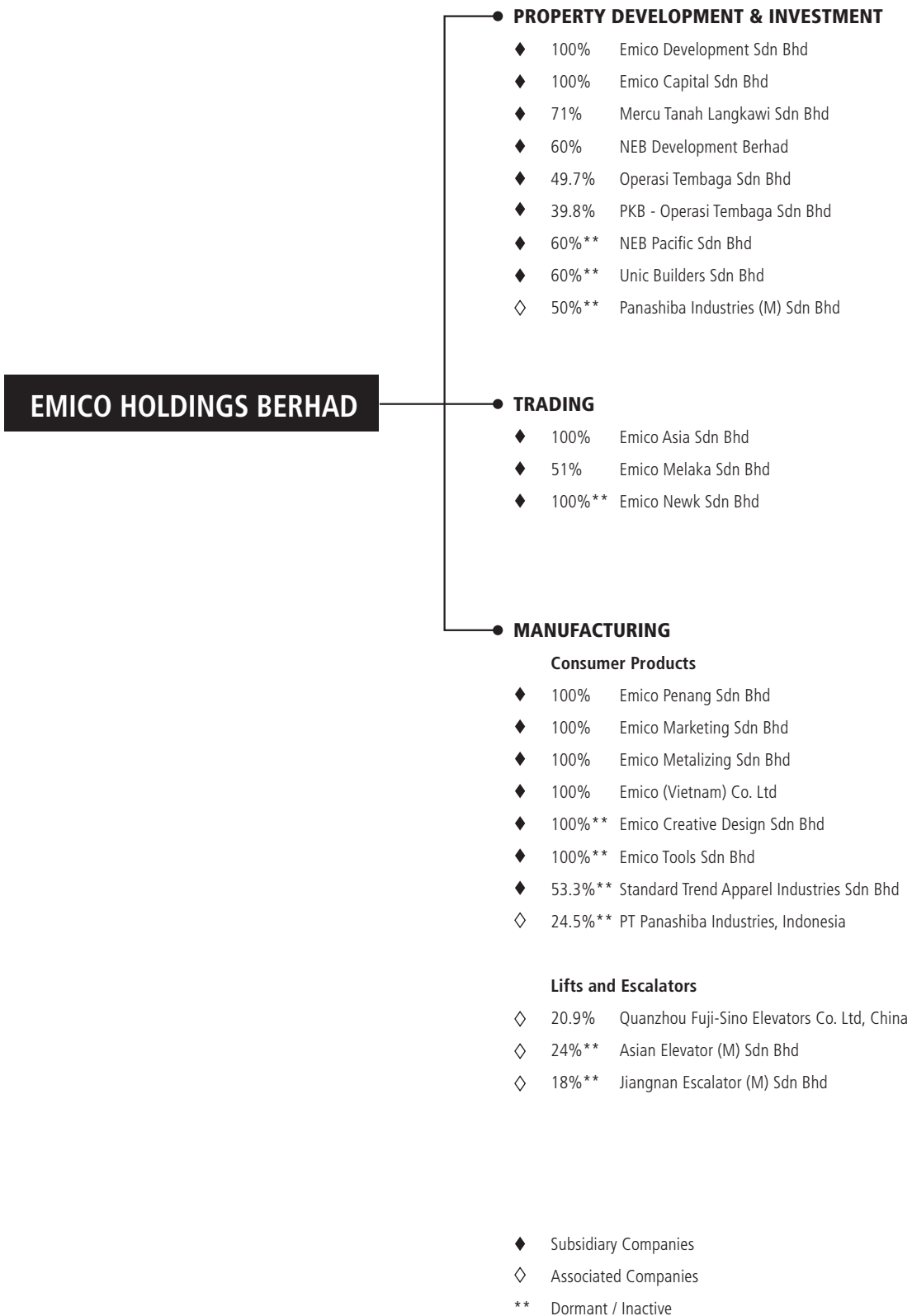
Mr Wong Sew Yun, a Malaysian aged 54 was appointed to the Board on 14 January 1995. He has been involved in business for more than 28 years. He has his own business operating a transportation company plying East, West Malaysia and Indonesia. He is also involved in ceramic wares business and sits on the Board of several private limited companies.

Mr Wong has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.

WONG THAI SUN | Independent and Non-Executive Director

Mr Wong Thai Sun, a Malaysian aged 55 was appointed to the Board on 26 December 2008. He holds a Bachelor of Economics and Accountancy from Australia National University. He is a member of the Malaysian Institute of Accountants and the Certified Public Accountants, Australia. He has public practice experience in accountancy for over 20 years in Malaysia and in overseas and is currently having his own public practice firm, which is Wong Thai Sun & Associates. He is also a director of D’Nounce Technology Bhd and Suiwah Corporation Bhd.

Mr Wong has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.



The Board has appointed the Audit Committee to assist the Board in discharging its duties of maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets.

TERMS OF REFERENCE

- **Purpose**

The primary objective of the Audit Committee (as a sub-committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

- **Reporting Responsibilities**

The Audit Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.

- **Attendance at Meeting**

The head of finance, the head of internal audit and a representative of external audit shall normally attend meetings. The Company Secretary shall be the Secretary of the Audit Committee. Other board members or employees may be invited to brief the Audit Committee on issues that are incorporated into the agenda.

- **Frequency of Meeting**

The Committee will meet as frequently as the Chairman shall decide, with due notice of issues to be discussed and shall record its conclusions whilst discharging its duties and responsibilities.

The Audit Committee should meet with the external auditors without executive board members present at least twice a year.

The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the chairman, chief executive officer, the finance director, the head of the internal audit and the external auditors in order to be kept informed of matters affecting the Company.

- **Quorum**

The quorum for a meeting shall be 2 (two) members, the majority of whom shall be independent directors.

- **Authority**

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. The Audit Committee shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The internal audit function reports directly to the Audit Committee. The Audit Committee may, with the approval of the Board, consult legal or other professionals where they consider it necessary to discharge their duties.

MEMBERSHIP AND MEETINGS

The composition of the Company's Audit Committee, appointed by the Board from amongst its members, comprises of 4 (four) members of which all are Non-Executive Directors.

Membership

- The members of the Audit Committee shall be appointed by the Board.
- The Audit Committee shall consist of not less than three (3) members of whom :
 - a) all members of the Audit Committee must be non-executive directors with a majority of them being independent directors;
 - b) at least one (1) member of the Audit Committee :
 - i) must be a member of the Malaysian Institute of Accountants; or
 - ii) if he or she is not a member of the Malaysian Institute of Accountants,
 - a) he or she must have at least three (3) years' working experience; and
 - he or she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
 - he or she must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
 - iii) he or she fulfils such other requirements as prescribed or approved by Bursa Securities
 - c) all members of the Audit Committee should be financially literate.
- No alternate director shall be appointed as a member of the Audit Committee.
- The Chairman of the Audit Committee shall be appointed by the members of the Audit Committee among their member who is an independent director.
- The Board must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.
- The Board shall, within three (3) months of a vacancy occurring in the Audit Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

Meetings

During the year ended 31 December 2009, the Committee held meetings on 27 February, 16 April, 28 May, 27 August, and 26 November respectively, making a total of 5 (five) meetings.

No.	Name	Status of directorship	Independence Status	Attendance of meetings
(i)	Nik Azalan Bin Nik Abdul Kadir (Chairman)	Non-Executive	Independent	5/5
(ii)	Ng Chee Kong (Member)	Non-Executive	Independent	5/5
(iii)	Wong Sew Yun (Member)	Non-Executive	Independent	5/5
(iv)	Wong Thai Sun (Member)	Non-Executive	Independent	5/5

DUTIES AND RESPONSIBILITIES

The primary goal of the Committee is to review the financial condition of the Group, its internal controls, performance and findings of the internal auditors and to recommend appropriate remedial action.

The primary duties and responsibilities of the Committee are as follows:

- to review both the internal and external auditor's scope of audit plan, their evaluation of the system of internal controls and audit reports.
- to review and evaluate the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.
- to consider the appointment and/or reappointment of external and internal auditors, their fees and any question of their resignation or dismissal and to recommend to the Board.
- to nominate, for the approval of the Board of Directors, a person or persons as auditor(s).
- to review the assistance and co-operation given by the Company's officers to the external and internal auditors.
- to review the quarterly and year end financial statements before submission to the Board of Directors, focusing particularly on :
 - a) changes in or implementation of major accounting policy changes
 - b) significant and unusual events; and
 - c) compliance with accounting standards and other legal requirements
- to review any related party transactions that may arise within the Company or the Group.
- to consider adequacy of Management's actions taken on internal and external audit reports.
- to review the allocation of shares to employees under the Employees' Share Option Scheme.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the year, the Audit Committee reviewed and appraised the annual audit plan and audit reports prepared by the Internal Auditors. The Committee also appraised the adequacy of actions taken by the Management in resolving the reported audit issues and in implementing suggested improvement measures.

On quarterly basis and financial year end the Committee reviewed the financial statements prepared by the Management for proper approval by the Board on its announcements. Any significant issues resulting from the audit of the financial statements by the External Auditors were noted by the Committee.

The Committee, at the conclusion of each meeting, recommended the Management to improve on internal controls, procedures and systems of the Company, where deemed appropriate.

Reviewed and considered the disclosure of Related Party Transactions in the Financial Statements and the Recurrent Related Party Transactions Circular to shareholders.

Reviewed the Statement of Corporate Governance and Statement on Internal Controls.

ACTIVITIES OF INTERNAL AUDIT

The role of the Internal Auditors is to examine, evaluate and ensure compliance with the Group's policies, procedures and system of internal controls so as to provide reasonable assurance that such system continue to operate effectively in the Emico Group of Companies. The Internal Auditors work focuses on areas of priority as identified in accordance with the annual audit plan approved each year by the Audit Committee. For the year 2009, audit visits were conducted in all active subsidiaries of the Group.

The audit activities were as follows:-

- a. ascertaining the extent of compliance with the established policies, procedures and statutory requirements;
- b. reviewing of new systems and modified systems to ensure that proper controls exist in the systems or where certain necessary controls were absent, to prescribe controls before implementation;
- c. identifying opportunities to improve the operations and the processes in the Company and the Group

The Internal Auditors reports their audit findings to the Audit Committee and the Management of the respective subsidiaries.

The Board of Directors of Emico Holdings Berhad is committed to ensuring that the Group is moving towards the highest standards of Corporate Governance in discharging its responsibilities to protect and enhance shareholders value and the Group's financial performance.

Currently, the Board is moving towards full compliance with all the principles in Part 1 of the Malaysian Code on Corporate Governance and is also committed to ensuring adoption of the Best Practice as recommended in Part 2 of the Code.

The Board

The Board consists of the following members:

- one executive chairman
- two executive directors
- four independent non-executive directors

The Board of Directors is leading and controlling the Group while the Company's Executive Chairman and Managing Director has the responsibility for the running of the Group's businesses.

Board Meeting

There were six Board Meetings held during the financial year ended 31 December 2009 and the attendance of the Directors were as follows:

Name of Director	Directorship	Attendance
Lim Teik Hian	Executive Chairman	5/5
Jimmy Ong Chin Keng	Managing Director	5/5
Lim Teck Chye	Executive Director	3/5
Wong Sew Yun	Independent Non-Executive Director	5/5
Nik Azalan Bin Nik A. Kadir	Independent Non-Executive Director	5/5
Ng Chee Kong	Independent Non-Executive Director	5/5
Wong Thai Sun	Independent Non-Executive Director	5/5

Supply Of Information

The Board is able to access a complete information in a timely basis in form and of a quality necessary for the discharge of their duties and responsibilities. Where required, the Board has the authority to source for independent or expert advice and views from outside the Group.

Appointment and Re-election of The Board

All Directors are required to submit themselves for re-election at least every three years.

The Board is responsible for the appointments of Directors and determining the remuneration package of each Director. In order to improve its effectiveness, the Board had set up a Nominating and a Remuneration Committee which consist of the following:

◆ **Nominating Committee**

Chairman

Mr Ng Chee Kong | Independent and Non-Executive Director

Member

Encik Nik Azalan Bin Nik A. Kadir | Independent and Non-Executive Director

Mr Lim Teik Hian | Executive Chairman

◆ **Remuneration Committee**

Chairman

Encik Nik Azalan Bin Nik A. Kadir | Independent and Non-Executive Director

Member

Mr Ng Chee Kong | Independent and Non-Executive Director

Mr Jimmy Ong Chin Keng | Managing Director

DIRECTORS' REMUNERATION

Directors do not participate in decisions regarding their own remuneration. Directors' fee and emoluments are endorsed by the Board and approved by shareholders of the Company at Annual General Meeting.

The remuneration of the Directors for the financial year ended 31 December 2009 is as follows:

	Fee	Salaries and other emoluments	Benefits-in-kind
	RM	RM	RM
Executive Directors	15,000	337,594	34,525
Non- Executive Directors	20,000	15,250	-
Total	35,000	352,844	34,525

The number of Directors whose remuneration fall into the respective bands are as follows:

Range of Remuneration (RM)	Executive	Non-Executive
25,000 & below	1	4
25,000 - 50,000		
50,000 - 100,000		
100,000 - 150,000	1	
150,000 - 200,000		
200,000 - 250,000	1	
250,000 - 300,000		

DIRECTORS' TRAINING AND EDUCATION

On joining, all new directors are given background information describing the Company and its activities. Site visits are arranged whenever necessary. All the Directors holding office have completed the Mandatory Accreditation Programme as specified by Bursa Securities. The Directors are also encouraged to attend various external professional programmes on a continuous basis to enable them to discharge their duties and to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates.

The Directors have during the financial year ended 31 December 2009, evaluated their own training needs on a continuous basis and attended the following programmes:-

Director's Name	Training Programme
Jimmy Ong Chin Keng	Corporate Governance Guide: Towards Boardroom Excellence
	2010 Budget Seminar
	Update of Financial Reporting Standards In Malaysia 2010
	Financial Reporting During Financial Turbulence
Lim Teck Chye	Managing Taxes In Challenging Times
	Supervisory Development Programme
	Team Leadership Programme
	SBM Malaysia SEB Training
Ng Chee Kong	Understanding ASO Maintenance Agreement
	New Framework for Listing & Equity Fund Raising & Key Changes to the Listing Requirements
	Corporate Governance Guide: Towards Boardroom Excellence
Wong Thai Sun	Building Resilience, Revitalising Growth: Tax & Economic Conference 2009
	Latest Development on Transfer Pricing In Malaysia And Tax Cases & Public Rulings
	National Seminar on Taxation 2009
	Taxation Seminar 2009
	Implementing Quality Control
	New 2009 Schedular Tax Deduction And Update on E-Filing
Lim Teik Hian	Practical Approach To Tax Incentives In Malaysia
	Corporate Governance Guide: Towards Boardroom Excellence
Nik Azalan Nik A.Kadir	Corporate Governance (In House Program)
Wong Sew Yun	Corporate Governance (In House Program)

SHAREHOLDERS

The Group has always placed high emphasis on communication with its shareholders on any major developments of the Group on a timely basis. This is achieved through regular quarterly and annual reports, and announcements.

The principal forum for dialogue with shareholders is at General Meeting, where investors are also encouraged to participate and pose questions to the Board on matters relating to operational and financial information.

ACCOUNTABILITY AND AUDIT

In presenting and reporting the annual reports and the quarterly announcement to shareholders, the Board has presented a balanced and understandable assessment of the Group's position and prospects.

The Board acknowledges its duty and responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets. It has established an Audit Committee comprising four (4) directors, the majority of whom are independent, to perform internal control covering financial, operational and compliance control and risk management necessary for the Group to achieve its objectives within acceptable risk profile. These controls can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has established formal and transparent relationship with the external auditors. The appointment of the auditors is recommended by Audit Committee and subject to the approval of the shareholders in Annual General Meeting. The auditors remuneration is determined by the Board but is recommended by the Audit Committee.



STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the profit or loss of the Group and the Company for the financial year. As required by the Act and the Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

The Directors consider that in preparing the financial statements for the year ended 31 December 2009 set out on pages 29 to 84, the Group has used the appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the Act. The Directors have 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.

INTRODUCTION

Pursuant to Paragraph 15.26(b) of Bursa Securities Listing Requirements, the Board of Directors of Emico Holdings Berhad is pleased to provide the following statement on the state of internal control of the Group, which has been prepared in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Internal Control Guidance") issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia Securities Berhad.

RESPONSIBILITY FOR RISK AND INTERNAL CONTROL

The Board recognises the importance of a sound system of internal control and a structured risk management framework to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. Because of the limitations that are inherent in any systems of internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of the annual report. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the Internal Control Guidance.

RISK MANAGEMENT

The Board and management practise proactive significant risks identification on a quarterly basis or earlier as appropriate, particularly any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a level acceptable to the Board.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of internal audit function and has engaged the services of an independent professional accounting and consulting firm, internal auditor : Q-West Corporate Consultants Sdn. Bhd. to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control. The cost incurred for the internal audit function for the year ended 31 December 2009 amounted to RM15,000.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. Scheduled internal audits are carried out by the Internal Auditors based on the audit plan presented to and approved by the Audit Committee. The audit focuses on areas with high risk and inadequate controls to ensure that an adequate action plan has in place to improve the controls. For those areas with high risk and adequate controls, the audit ascertains that the risks are effectively mitigated by the controls. On a quarterly basis or earlier as appropriate, the internal auditors report to the Audit Committee on areas for improvement and will subsequently follow up to determine the extent of their recommendations that have been implemented.

INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:-

- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of documented internal policies and procedures for operational, financial and human resource management, which is subject to regular review and improvement;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- A comprehensive business planning and detailed budgeting process where operating units prepare budgets for the coming year which are approved both at operating unit level and by the Board;
- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary; and
- Regular visits to operating units by members of the Board and senior management.

Based on the internal auditors' report for the financial year ended 31 December 2009, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial period, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.23 of Bursa Malaysia Securities Listing Requirements.

This statement is issued in accordance with a resolution of the Directors dated 16 April 2010.

- 1. Utilisation of Proceeds**
There was no capital raising exercise carried out by the Company during the financial year.
- 2. Share Buy-Backs**
The Company has not purchased any of its own shares and as such, there is no treasury shares maintained by the Company for share buy-backs.
- 3. Options, Warrants or Convertible Securities**
During the financial year, there were no options, or convertibles securities exercised by the Company except for the issuance of 43,140,600 ordinary shares of RM1 each through the conversion of 431,406 units of Irredeemable Convertible Secured Loan Stocks.
- 4. Depository Receipts Programme**
During the financial year, the Company did not sponsor any depository receipts programme.
- 5. Sanctions And/Or Penalties**
There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.
- 6. Non-Audit Fees**
The non-audit fee paid/payable to external auditors for the financial year ended 31 December 2009 was RM2,000.
- 7. Variation in Results**
There were no variations of 10% or more between the audited results for the financial year ended 31 December 2009 and the unaudited results announced on 4 March 2010.
- 8. Profit Guarantee**
During the financial year, there was no profit guarantee given by the Company.
- 9. Material Contracts**
There were no material contracts entered by the Company and its subsidiaries involving Director's and major shareholder's interest other than those disclosed in the financial statements.
- 10. Revaluation Policy**
The Company has not adopted a regular revaluation policy on landed properties.
- 11. Recurrent Related Party Transactions of a Revenue Nature**
There were no material recurrent related party transactions of a revenue nature during the year other than those disclosed in the financial statements.
- 12. Corporate Social Responsibility (CSR)**
The Group acknowledges that in pursuit of any business objective, there is a need to find a balance between profitability and contributions towards being a socially responsible corporate citizen. With such belief, the Group is committed and uses its best endeavour, on ongoing basis, to integrate CSR practices into its day to day business operations i.e. constantly review of the staff benefits to enhance the quality of life of its employees and adopting eco-friendly practices such as recycling to protect the environment.

On behalf of the Board of Directors of Emico Holdings Berhad, I am pleased to present herewith the Annual Report and Accounts of the Group and of the Company for the financial year ended 31 December 2009.

REVIEW OF RESULTS

The Group recorded a lower turnover of RM61.2 million and profit for the year of RM1.4 million as compared to 2008 results of RM65.2 million for turnover and loss for the year of RM0.3 million. The 6% decline in turnover was primarily attributed to the decline in the property development division. However, the Group is able to post a profit for current year despite a decline in turnover due to reversal of provision no longer required from the property development division and increase in sales from trading of consumer products division.

DIVIDEND

The Board of Directors is not recommending any payment of dividend for the financial year ended 31 December 2009.

REVIEW OF OPERATIONS

The Group is organized into the following divisions:

- (i) Manufacturing and trading-consumer products
- (ii) Property Development

MANUFACTURING AND TRADING -CONSUMER PRODUCTS

Turnover for the Manufacturing of plastic consumer products such as trophy components and OEM products is maintained at RM29.4 million as compared to RM29.6 million last year.

The Group's trophy division posted a turnover of RM16.3 million compared to RM14.4 million last year and OEM division recorded a lower in turnover of RM13.1 million as compared to RM15.2 million last year.

Trophy division has recorded considerable increase in orders from the European market which indirectly has cushioned the decline in sales from USA market. However, for the current year, we have increased the number of design for trophy components which we believe will improve our sales to the European as well as USA market. Our new design trophy called "Trophy Jewel" won the "Best New Design Trophy Component" in the 2010 Award and Recognition Association International Award show held in USA on March 2010. We believe that with this award, our product has attained world recognition and it certainly augur well for our future in the trophy industry.

The turnover of OEM products for our Swedish customer is maintained at RM8.9 million despite of the strengthening of Ringgit against the US Dollar during the year. The stronger Ringgit translation has also affected our profit margin and to maintain our competitiveness, we would endeavour to undertake cost reduction measure. The strong relationship and confidence build over the years with our Swedish customer has resulted in new projects and increment of product ranges being produced and assembled in Emico's factory which will give an impetus to the turnover as well as the profit for 2010 onwards.

Currently, Emico's Vietnam businesses are still occupied mainly by OEM products. The recent economic downturn has adversely affect the result of the Vietnam operations which posted a higher net loss of RM1.4 million as compared to RM0.9 million net loss in the previous year. However, recently, they have secured orders from a new OEM customer to produce plastic home appliance products which is expected to improve its performance for the current year.

Trading of consumer products to United Kingdom showed exceptional results of RM22 million turnover and profit of RM1.4 million as compared to RM16 million turnover and RM0.5 million profit in the previous year. The increased turnover for Trading division was attributable to the change in marketing strategies of its customer who prefer to buy in bulks mainly from China and offer as sales with substantial discount in their outlets in United Kingdom. However, we expect the turnover to come down slightly this year in view of the slow economy affecting the whole of United Kingdom.

PROPERTY DEVELOPMENT

Turnover from the property development division posted a major decrease of RM9.9 million or more than 50% from RM19.6 million to RM9.7 million. The turnover for the property development project declined by RM4.8 million and RM5.0 million for Sungai Petani and the Melaka project respectively. The main reason for the decline is due to the slow economy which is affecting customer's confidence especially during the 1st half of 2009 where sales has declined substantially. However, market sentiment improved slightly toward the 3rd and 4th quarter of 2009 with government's stimulus package and we are confident that the positive trend will continue in 2010.

As at 31 December 2009, the status of Sungai Petani project known as Bandar Mutiara project and Melaka project known as Taman Seri Pertam are as follow:

Bandar Mutiara, Sungai Petani

Completed in 2009

- a) 96 units of single storey terrace house.

Construction in progress

- a) 21 units of single storey terrace house at 75 % completion whereby 86% has been sold; and
- b) 61 units of double storey terrace house at 75% completion whereby 47% has been sold.

Taman Seri Pertam, Melaka

Construction in progress

- a) 42 units of 1 1/2 storey terrace house at 38% completion whereby 19% has been sold.

We foresee that the property development division will remain moderate in the coming year in view of the positive sign of global economic recovery especially in the 4th quarter of 2009.

PROSPECTS

Emico's management will concentrate its resources to building its core businesses i.e Manufacturing and trading - consumer products division and Property development as explained below:-

- (1) Manufacturing and trading -consumer products division.

The trophy division will continue its expansion overseas especially in Europe and USA. Our new design trophies are well recognized worldwide and we are concentrating on servicing our new customers as well as expanding new market throughout Europe and other parts of the world. We will continue to put more emphasis on designing of new trophies in order to sustain our company's reputation as one of the leading trophy player in the European region as well as the world market.

The OEM business with the Swedish company continues to grow at a steady pace. However, the net results are very thin due to fluctuation in raw materials prices and exchange rates during the year.

The export to overseas market will continue to be very challenging with stronger Ringgit against US Dollar. Therefore, to mitigate the losses on the foreign exchange, we will continue to monitor very closely these fluctuations in foreign exchange with revision in our selling price. Further the Group has also implemented stringent cost reduction and improved production efficiency programs.



(2) Property development

For Sungai Petani project, management will continue to market the existing completed units before we embark on further new phases. We will increase our marketing effort whilst managing our cash flow during these challenging period.

CONCLUSION

Emico Group will continue to restructure the non productive assets to par down its loan stocks which has been extended from May 2009 to December 2010. The Group will be disposing one of its existing factory to its tenant for a cash consideration of RM3.9 million whereby part of the sales proceeds will be utilized to repay the loan stockholders.

The Group will continue to make every effort to increase the shareholder's value with emphasis on two main core businesses identified i.e. Manufacturing and Trading of consumer products and Property Development.

With this, I wish to thank all bankers, suppliers, customers, business associates and most important of all the management and staff of Emico for the dedication and professionalism that underpins everything we do, and for their part in further developing the Emico businesses. We are also grateful to all our shareholders of the Company and relevant authorities for their continued invaluable support and confidence in the Group.

Lim Teik Hian
Executive Chairman

FINANCIAL | STATEMENTS

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

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies and associated companies are stated in Note 9 and Note 10 respectively. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

	<u>The Group</u> RM	<u>The Company</u> RM
Profit/(Loss) for the year	<u>1,397,663</u>	<u>(2,503,165)</u>
Attributable to:		
Equity holders of the parent	1,254,393	(2,503,165)
Minority interest	<u>143,270</u>	<u>0</u>
	<u>1,397,663</u>	<u>(2,503,165)</u>

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any payment of dividend for the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM52,785,921 to RM95,926,521 by way of issuance of 43,140,600 ordinary shares of RM1 each through the conversion of 431,406 units of Irredeemable Convertible Secured Loan Stocks.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.

WARRANTS

On 1 December 2003, 11,130,000 detachable warrants were granted by the Company to the subscribers of the rights shares. The warrants may be exercised at any time after the issue date but not later than 5.00 p.m. on 1 December 2013. Each warrant entitles its registered holder, at any time during the exercise period of the warrants, to subscribe for one new ordinary share. The exercise price of each warrant is fixed at RM1 payable in cash for each new ordinary share of RM1 each in the Company. As at 31 December 2009, none of the 11,130,000 warrants were exercised to subscribe for new ordinary shares.

EMPLOYEES' SHARE OPTIONS SCHEME

In 2002, the Securities Commission had approved the Company's Employees' Share Option Scheme (the "Scheme") which was proposed in 2001. The shareholders of the Company had approved the scheme at the Extraordinary General Meeting held on 16 September 2002. The effective date of implementation was 24 May 2004 and the principal features of the Scheme are as follows:

- (a) The total numbers of new ordinary shares of RM1 each to be offered under the Scheme shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the Scheme;
- (b) An employee (including full time Executive Directors) of the Group shall be eligible to participate in the Scheme, if the employee:
 - (i) is employed full time and is on the payroll of the Group for at least a year; and
 - (ii) has attained the age of eighteen years on the date of allocation;
- (c) The Scheme shall be in force for a period of 5 years from 24 May 2004. The Company is entitled to terminate the Scheme prior to the expiry of the five years period provided that prior to the termination of the Scheme, the approval of the Securities Commission, the shareholders of the Company and all holders of the unexercised share options have been obtained;
- (d) The price payable upon the exercise of the share options under the Scheme shall be the higher of either of the following:
 - (i) a discount of not more than 10% from the five days weighted average market price of the underlying shares immediately preceding the date of offer; or
 - (ii) the par value of the shares; and
- (e) The new ordinary share of RM1 each to be issued pursuant to the exercise of the share options under the Scheme shall, upon allotment and issue, rank *pari passu* in all respects with the then issued and fully paid-up ordinary shares of RM1 each of the Company except that they will not be entitled for any dividends, rights, allotments or other distributions, the entitlement date of which is prior to the date of allotment of the new shares.

The Scheme shall only be in force for 5 years from 24 May 2004. As at 24 May 2009, the Company has not granted any share option to the Group's eligible employees and therefore had lapsed during the year.



DIRECTORS

The Directors who have held office during the period since the date of the last report are follows: -

Lim Teik Hian
Jimmy Ong Chin Keng
Lim Teck Chye
Wong Sew Yun
Nik Azalan Bin Nik A. Kadir
Ng Chee Kong
Wong Thai Sun

DIRECTORS' INTEREST

The shareholdings in the Company and its related corporations of those who are Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act 1965, are as follows:-

Shareholdings in the Company	At	Number of Ordinary Shares of RM1 each		At
	1-1-2009	Bought	Sold	31-12-2009
Direct interest				
Lim Teik Hian	52,000	0	0	52,000
Wong Sew Yun	895,859	0	0	895,859
Lim Teck Chye	1,241,630	0	0	1,241,630
Indirect interest				
Lim Teik Hian	17,165,659	999,100	0	18,164,759
Wong Sew Yun	55,320	0	0	55,320
Lim Teck Chye	15,976,029	999,100	0	16,975,129

Warrants in the Company	At	Number of warrants of RM1 each		At
	1-1-2009	Bought	Sold	31-12-2009
Direct interest				
Lim Teik Hian	13,000	0	0	13,000
Wong Sew Yun	263,488	0	0	263,488
Lim Teck Chye	260,407	0	(260,400)	7
Indirect interest				
Lim Teik Hian	1,766,013	0	(1,766,013)	0
Lim Teck Chye	1,518,606	0	(1,518,606)	0

By virtue of their interest in the shares of the Company, Lim Teik Hian and Lim Teck Chye are deemed to have an interest in the shares of all the subsidiary companies of Emico Holdings Berhad to the extent that the Company has an interest.

No other Director in office at the end of the financial year held or dealt in shares of the Company during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the warrants granted by the Company and options over shares granted by the Company to eligible employees including Directors of the Company to subscribe for shares in the Company pursuant to the Company's Employees' Share Option Scheme.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except that the Directors received remuneration as directors of related corporations.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

- (a) 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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (c) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
- (d) not otherwise dealt with in this report or financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the Directors, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The Auditors, Messrs. UHY Diong, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their Resolution,

LIM TEIK HIAN
Director

JIMMY ONG CHIN KENG
Director

Dated: 16 April 2010



STATEMENT BY DIRECTORS

The Directors of **EMICO HOLDINGS BERHAD**, state that, in their opinion, the financial statements set out on pages 29 to 84 are drawn up in accordance with the provisions of the Companies Act 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at **31 December 2009** and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with their Resolution,

LIM TEIK HIAN
Director

JIMMY ONG CHIN KENG
Director

Dated: 16 April 2010

STATUTORY DECLARATION

I, **JIMMY ONG CHIN KENG**, being the Director primarily responsible for the financial management of **EMICO HOLDINGS BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 29 to 84 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 1960.

Subscribed and solemnly declared by)
the abovenamed JIMMY ONG CHIN)
KENG at Georgetown in the State of)
Penang this 16 April 2010)

JIMMY ONG CHIN KENG

Before me,

QUAH KEAT JIN, PJM
Commissioner for Oaths

Report on the Financial Statements

We have audited the financial statements of EMICO HOLDINGS BERHAD, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 84.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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



Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' report 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 accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

UHY DIONG
No. AF-1411
Chartered Accountants

KOAY THEAM HOCK
No. 2141/04/11 (J)
Chartered Accountant

Penang

Dated : 16 April 2010

BALANCE SHEETS
AS AT 31 DECEMBER 2009



	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
NON-CURRENT ASSETS					
Property, plant and equipment	5	11,433,528	11,391,043	0	0
Investment properties	6	5,200,018	5,230,138	2,800,000	2,800,000
Prepaid land lease payments	7	1,120,331	1,149,058	0	0
Goodwill	8	551,552	551,552	0	0
Investment in subsidiary companies	9	0	0	16,116,497	16,116,497
Investment in associated companies	10	1,504,427	1,602,283	0	0
Other investments	11	0	0	0	0
Property development projects	12	29,343,197	28,469,332	0	0
Deferred tax assets	13	278,400	304,800	0	0
		<u>49,431,453</u>	<u>48,698,206</u>	<u>18,916,497</u>	<u>18,916,497</u>
CURRENT ASSETS					
Property development projects	12	21,129,291	22,089,168	0	0
Inventories	14	13,249,033	13,280,303	0	0
Receivables, deposits and prepayments	15	14,865,858	18,062,177	41,328,554	42,609,082
Tax recoverable		92,574	151,214	0	0
Deposits with a licensed bank	16	790,156	514,616	0	90,774
Cash and bank balances	17	3,259,770	4,328,119	17,537	71,034
		<u>53,386,682</u>	<u>58,425,597</u>	<u>41,346,091</u>	<u>42,770,890</u>
TOTAL ASSETS		<u>102,818,135</u>	<u>107,123,803</u>	<u>60,262,588</u>	<u>61,687,387</u>

The annexed notes form part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2009 (cont'd)

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
EQUITY AND LIABILITIES					
Share capital	18	95,926,521	52,785,921	95,926,521	52,785,921
Equity component of irredeemable convertible secured loan stocks	19	0	40,448,421	0	40,448,421
Reserves	20	7,003,039	7,052,940	7,736,782	7,736,782
Accumulated losses		(76,721,214)	(77,019,648)	(91,152,392)	(87,693,268)
Equity attributable to equity holders of the Company		26,208,346	23,267,634	12,510,911	13,277,856
Minority interest		8,154,676	7,962,406	0	0
TOTAL EQUITY		34,363,022	31,230,040	12,510,911	13,277,856
NON-CURRENT LIABILITIES					
Bank borrowings	22	538,484	423,443	0	0
Deferred tax liabilities	24	580,069	568,518	0	0
		1,118,553	991,961	0	0
CURRENT LIABILITIES					
Payables	25	28,340,492	34,478,517	11,913,977	10,995,172
Redeemable secured loan stocks	21	35,711,600	35,552,039	35,711,600	35,552,039
Irredeemable convertible secured loan stocks	19	0	1,736,220	0	1,736,220
Bank borrowings	22	2,218,978	2,413,569	0	0
Taxation		1,065,490	721,457	126,100	126,100
		67,336,560	74,901,802	47,751,677	48,409,531
TOTAL LIABILITIES		68,455,113	75,893,763	47,751,677	48,409,531
TOTAL EQUITY AND LIABILITIES		102,818,135	107,123,803	60,262,588	61,687,387

The annexed notes form part of the financial statements.

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009



	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Revenue	26	61,173,448	65,174,414	240,000	240,000
Investment revenue		691,751	690,910	4,142	6,158
Other gains and losses		30,855	(61,896)	0	0
Other income		1,039,121	282,440	34,135	293,845
Share of profits and losses of associated companies		(97,856)	533,121	0	0
Property development expenditure recognised		(5,872,611)	(14,780,466)	0	0
Allowance for foreseeable loss		0	(1,338,000)	0	0
Changes in inventories of finished goods and work-in-progress		550,224	(119,753)	0	0
Purchase of finished goods		(27,906,350)	(21,863,055)	0	0
Raw materials and consumables used		(8,485,255)	(8,199,819)	0	0
Staff costs	27	(5,419,900)	(5,538,016)	(188,888)	(205,118)
Depreciation and amortisation		(2,134,158)	(2,019,859)	0	0
Finance costs	28	(2,203,753)	(3,140,941)	(1,939,156)	(2,814,643)
Other expenses		(9,263,195)	(9,057,986)	(653,398)	(458,105)
PROFIT/(LOSS) BEFORE TAX	29	2,102,321	561,094	(2,503,165)	(2,937,863)
Taxation	30	(704,658)	(815,710)	0	0
PROFIT/(LOSS) FOR THE YEAR		1,397,663	(254,616)	(2,503,165)	(2,937,863)
Attributable to:					
Equity holders of the parent		1,254,393	(535,715)	(2,503,165)	(2,937,863)
Minority interest		143,270	281,099	0	0
		1,397,663	(254,616)	(2,503,165)	(2,937,863)
PROFIT/(LOSS) PER SHARE					
Basic profit/(loss) per share (sen)	31	1.58	(0.50)		

The annexed notes form part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Note	Share Capital RM	Irredeemable convertible secured loan stocks ("ICSLs") RM	Share premium RM	Exchange reserve RM	Accumulated losses RM	Attributable to equity holders of the parent RM	Minority interest RM	Total equity RM
Group									
At 1 January 2008		52,535,811	38,310,232	7,736,782	(900,452)	(74,140,621)	23,541,752	7,661,707	31,203,459
Interest on ICSLS		0	0	0	0	(589,249)	(589,249)	0	(589,249)
Increase in ICSLS theoretical value	19	0	1,754,063	0	0	(1,754,063)	0	0	0
Exchange loss on translation of net investment in a foreign subsidiary company		0	0	0	216,610	0	216,610	0	216,610
Net income and expenses recognised directly in equity		0	1,754,063	0	216,610	(2,343,312)	(372,639)	0	(372,639)
Loss for the year		0	0	0	0	(535,715)	(535,715)	281,099	(254,616)
Total recognised income and expenses		0	1,754,063	0	216,610	(2,879,027)	(908,354)	281,099	(627,255)
Conversion of ICSLS into shares	19	250,110	(250,110)	0	0	0	0	0	0
Transfer from liability component of ICSLs	19	0	634,236	0	0	0	634,236	0	634,236
Minority interest arising from increase in share capital of a subsidiary company		0	0	0	0	0	0	19,600	19,600
At 31 December 2008		52,785,921	40,448,421	7,736,782	(683,842)	(77,019,648)	23,267,634	7,962,406	31,230,040

The annexed notes form part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)



	Note	Share Capital RM	Irredeemable convertible secured loan stocks ("ICSLs") RM	Share premium RM	Exchange reserve RM	Accumulated losses RM	Attributable to equity holders of the parent RM	Minority interest RM	Total equity RM
Group									
At 1 January 2009		52,785,921	40,448,421	7,736,782	(683,842)	(77,019,648)	23,267,634	7,962,406	31,230,040
Increase in ICSLS theoretical value	19	0	955,959	0	0	(955,959)	0	0	0
Exchange loss on translation of net investment in a foreign subsidiary company		0	0	0	(49,901)	0	(49,901)	0	(49,901)
Net income and expenses recognised directly in equity		0	955,959	0	(49,901)	(955,959)	(49,901)	0	(49,901)
Profit for the year		0	0	0	0	1,254,393	1,254,393	143,270	1,397,663
Total recognised income and expenses		0	955,959	0	(49,901)	298,434	1,204,492	143,270	1,347,762
Conversion of ICSLS into shares	19	43,140,600	(43,140,600)	0	0	0	0	0	0
Transfer from liability component of ICSLs	19	0	1,736,220	0	0	0	1,736,220	0	1,736,220
Minority interest arising from increase in share capital of a subsidiary company		0	0	0	0	0	0	49,000	49,000
At 31 December 2009		95,926,521	0	7,736,782	(733,743)	(76,721,214)	26,208,346	8,154,676	34,363,022

The annexed notes form part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)

	Note	Share capital RM	Irredeemable convertible secured loan stocks ("ICSLs") RM	Share premium RM	Accumulated losses RM	Total equity RM
Company						
At 1 January 2008		52,535,811	38,310,232	7,736,782	(82,412,093)	16,170,732
Interest on ICSLS		0	0	0	(589,249)	(589,249)
Increase in ICSLS theoretical value	19	0	1,754,063	0	(1,754,063)	0
Net income and expenses recognised directly in equity		0	1,754,063	0	(2,343,312)	(589,249)
Loss for the year		0	0	0	(2,937,863)	(2,937,863)
Total recognised income and expenses		0	1,754,063	0	(5,281,175)	(3,527,112)
Conversion of ICSLS into shares	19	250,110	(250,110)	0	0	0
Transfer from liability component of ICSLS	19	0	634,236	0	0	634,236
At 31 December 2008		52,785,921	40,448,421	7,736,782	(87,693,268)	13,277,856
At 1 January 2009		52,785,921	40,448,421	7,736,782	(87,693,268)	13,277,856
Increase in ICSLS theoretical value		0	955,959	0	(955,959)	0
Net income and expenses recognised directly in equity		0	955,959	0	(955,959)	0
Loss for the year		0	0	0	(2,503,165)	(2,503,165)
Total recognised income and expenses		0	955,959	0	(3,459,124)	(2,503,165)
Conversion of ICSLS into shares	19	43,140,600	(43,140,600)	0	0	0
Transfer from liability component of ICSLS	19	0	1,736,220	0	0	1,736,220
At 31 December 2009		95,926,521	0	7,736,782	(91,152,392)	12,510,911

The annexed notes form part of the financial statements.

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009



	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	2,102,321	561,094	(2,503,165)	(2,937,863)
Adjustments for:				
Finance costs	2,203,753	3,140,941	1,939,156	2,814,643
Depreciation and amortisation	2,134,158	2,019,859	0	0
Unrealised loss on foreign exchange	18,644	35,671	0	0
Unrealised gain on foreign exchange	0	(2,851)	0	0
Share of profits and losses of associated companies	97,856	(533,121)	0	0
Allowance for foreseeable loss no longer required	(552,000)	0	0	0
Allowance for slow moving inventories	43,416	187,780	0	0
Property, plant and equipment written off	18,980	4,606	0	0
Allowance for doubtful debts	301,786	141,934	0	0
Bad debts written off	1,900	2,743	0	0
Allowance for doubtful debts no longer required	(48,321)	(117,690)	(34,135)	(293,845)
Gain on disposal of property, plant and equipment	(18,317)	(3,486)	0	0
Interest income	(217,446)	(166,046)	(4,142)	(6,158)
Operating profit/(loss) before working capital changes	6,086,730	5,271,434	(602,286)	(423,223)
Property development projects	638,012	3,607,500	0	0
Inventories	(12,146)	716,185	0	0
Receivables, deposits and prepayments	2,989,954	1,926,622	1,314,663	1,578,273
Payables	(6,156,669)	(6,342,930)	918,805	(2,017,925)
	3,545,881	5,178,811	1,631,182	(862,875)

The annexed notes form part of the financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest received	217,446	166,046	4,142	6,158
Tax refund	51,114	0	0	0
Taxation paid	(315,148)	(419,903)	0	0
Net cash flow from operating activities	3,499,293	4,924,954	1,635,324	(856,717)
CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	107,199	122,378	0	0
Purchase of property, plant and equipment (Note a)	(2,244,917)	(1,841,631)	0	0
Capital reduction in a subsidiary company	0	0	0	2,092,109
Net cash flow from investing activities	(2,137,718)	(1,719,253)	0	2,092,109
CASH FLOW FROM FINANCING ACTIVITIES				
Changes in deposits with a licensed bank	44,460	282,698	90,774	74,734
Redemption of redeemable secured loan stocks	(900,000)	0	(900,000)	0
Interest paid	(1,144,192)	(1,626,397)	(879,595)	(1,300,099)
Repayment of term loans	(203,031)	13,030	0	0
Increase/(Decrease) in bank borrowings	239,425	(729,980)	0	0
Repayment of hire purchase payables	(186,554)	(200,202)	0	0
Net cash flow from financing activities	(2,149,892)	(2,260,851)	(1,688,821)	(1,225,365)

The annexed notes form part of the financial statements.

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)



	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
NET CHANGE IN CASH AND CASH EQUIVALENTS	(788,317)	944,850	(53,497)	10,027
CURRENCY TRANSLATION DIFFERENCES	(642)	(96,562)	0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	4,302,211	3,453,923	71,034	61,007
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note b)	3,513,252	4,302,211	17,537	71,034
Represented by :				
(a) Purchase of property, plant and equipment:				
- financed by hire purchase arrangements	30,000	0	0	0
- financed by cash	2,244,917	1,841,631	0	0
- additions during the year (Note 5)	2,274,917	1,841,631	0	0
(b) Analysis of cash and cash equivalents:				
- cash and bank balances	3,259,770	4,328,119	17,537	71,034
- short term deposits	320,000	0	0	0
- bank overdraft (Note 22)	(66,518)	(25,908)	0	0
	3,513,252	4,302,211	17,537	71,034

The annexed notes form part of the financial statements.

1. GENERAL INFORMATION

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies and associated companies are stated in Note 9 and Note 10 respectively. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

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

The registered office of the Company is located at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at 18, Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 16 April 2010.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act 1965 and Financial Reporting Standards in Malaysia ("FRS").

The financial statements of the Company have been prepared in accordance with the provisions of the Companies Act 1965 and Financial Reporting Standards in Malaysia.

Standards and Interpretations in issue but not yet effective

At the date of authorisation for issue of these financial statements, the following FRSs, amendments to FRSs and Issues Committee Interpretations ("IC Interpretations") were in issue but not yet effective and have not been applied by the Group and the Company:

FRSs, amendments to FRS and IC		Effective for financial periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 1 and FRS 127	Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2	Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2	Share-based Payment	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 4	Insurance Contracts	1 January 2010
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)



Standards and Interpretations in issue but not yet effective (cont'd)

		Effective for financial periods beginning on or after
FRSs, amendments to FRS and IC		
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 7	Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
FRS 8	Operating Segments	1 July 2009
Amendment to FRS 8	Operating Segments	1 January 2010
FRS 101	Presentation of Financial Statements	1 January 2010
Amendment to FRS 107	Statement of Cash Flows (formerly known as Cash Flow Statements)	1 January 2010
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendment to FRS 110	Events after the Reporting Period (formerly known as Events after the Balance Sheet Date)	1 January 2010
Amendment to FRS 116	Property, Plant and Equipment	1 January 2010
Amendment to FRS 117	Leases	1 January 2010
Amendment to FRS 118	Revenue	1 January 2010
Amendment to FRS 119	Employee Benefits	1 January 2010
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
FRS 123 and amendment to FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
Amendment to FRS 127	Consolidated and Separate Financial Statements	1 January 2010
Amendment to FRS 128	Investments in Associates	1 January 2010
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendment to FRS 131	Interests in Joint Ventures	1 January 2010
Amendment to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendment to FRS 134	Interim Financial Reporting	1 January 2010
Amendment to FRS 136	Impairment of Assets	1 January 2010
Amendment to FRS 138	Intangible Assets	1 January 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendment to FRS 140	Investment Property	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2: Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010

By virtue of the exemption provided in paragraph 103AB of FRS 139 and paragraph 44AB of FRS 7, the impact of applying FRS 139 and FRS 7 on the financial statements of the Group and of the Company upon initial application of these standards as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year.

3.1 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 subsidiary companies are prepared for the same reporting date as the Company. Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiary companies are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the financial year are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements.

The differences between the cost of acquisition over the Group's share of fair value of the identifiable net assets of the subsidiary companies acquired at the date of acquisition is reflected as goodwill or reserve on consolidation. Reserve on consolidation in excess of the fair value of the non-monetary assets acquired is recognised immediately in the income statement.

All intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised loss are also eliminated unless cost cannot be recovered.

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

3.2 Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.21.

The Group carried some of its land and buildings at revalued amounts and placed reliance on the transitional provisions of International Accounting Standards No. 16 (Revised) as adopted by the Malaysian Accounting Standards Board which provides exemption from the need to make regular revaluations for such assets. Effective from 1994, no further revaluations were carried out. The aggregate carrying amount of such assets at the balance sheet date amounted to RM4,238,447 (2008: RM4,365,547) and this amount will be amortised or depreciated over the remaining useful lives of the relevant assets.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in carrying amount is charged to the income statements. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to income statements to the extent that it offsets the previously recorded decrease.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated to write off the cost on a straight line basis over the expected useful lives of the assets concerned. The annual rates of depreciation are as follows :

Buildings	2% - 10%
Plant and machinery	10% - 20%
Moulds	10% & 20%
Motor vehicles	10% - 20%
Office equipment, furniture and fittings	8% - 20%
Tools, implements and equipment	10% & 20%
Electrical installation and renovation	10% & 20%

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are recognised in the income statement. On disposal of revalued assets or crystallisation of deferred tax liabilities on revalued assets, the amount in revaluation reserve account relating to such assets are transferred to retained profits.

3.3 Investment properties

Investment properties are properties held for long-term to earn rentals and/or for capital appreciation or both, and are not occupied by the Group and the Company.

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is not depreciated. Depreciation of buildings is computed on the straight line method in order to write off the cost to its residual value over its estimated useful life of 50 and 96 years.

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

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

3.4 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 risk 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.

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.

(a) The Group as lessee under finance leases

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

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment.

(b) The Group as lessee under operating leases

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

(c) The Group as lessor under operating leases

Assets leased out under operating leases are presented on the balance sheet according to the nature of the assets. Rental income from operating lease is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

3.5 Goodwill

Goodwill arising on the acquisition of a subsidiary company represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary company recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Negative goodwill on consolidation is recognised in the income statements at the date of acquisition.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

3.6 Investments in subsidiary companies

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 3.21.

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

3.7 Investments in associated companies

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sales, in which case it is accounted for in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisitions over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisitions, after reassessment, is recognised immediately in the income statement.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

3.8 Other investments

Other investments in quoted and unquoted shares are stated at cost less allowance for diminution in value of investments to recognise any decline, other than a temporary decline, in the value of the investments.

Where there is an indication of impairment in the value of the assets, the carrying amounts of the investments are assessed and written down immediately to its recoverable amount.

3.9 Property development costs

Property development costs comprise of cost of land and all costs directly attributable to development activities or costs that can be allocated on a reasonable basis to these activities.

When the financial outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised in the income statement by using the stage of completion method. 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 costs. When the financial outcome of the development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on the properties sold are recognised as an expense when incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately. Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is shown as accrued billings within receivables and the excess of billings to purchasers over revenue recognised in the income statement is shown as progress billings within payables.

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are determined either on the first-in, first-out, weighted average or specific identification basis, depending on the nature of the inventories. Cost of finished goods and work-in-progress consist of cost of raw materials, direct labour and a proportion of factory overheads while the cost of raw materials consist of the purchase price plus the cost of bringing the inventories to their present location.

Cost of completed properties held for sales consists of the cost of land, construction and appropriate development overheads. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated selling and distribution costs and all other estimated costs to completion.

3.11 Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the financial year in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Fixed deposit with a licensed bank which is pledged as security for banking facilities is not included in cash and cash equivalents.

3.13 Share capital

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

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

3.14 Payables

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

3.15 Borrowings

Borrowings are recorded at the amount of the proceeds received net of transaction costs. Borrowing costs are recognised in the income statement as an expense in the financial year in which they are incurred.

3.16 Provisions

Provision for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

3.17 Income tax

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

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date 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 not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the year 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, except when it arises from a transaction which is recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

3.18 Foreign currency conversion

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

Transaction in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the time of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at balance sheet date. Translation gains and losses are recognised in the income statement as they arise.

3.19 Contingent liabilities

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

3.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue relating to property development activities are accounted for based on the percentage of completion method on development units that have been sold. The stage of completion is determined by the proportion of development costs incurred to date against the total estimated costs on projects where the outcome of the projects can be reliably estimated. All anticipated losses on property development projects are fully provided for.

Sales of developed properties are recognised when deposits are received and upon the signing of the individual sales and purchase agreements.

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- (i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (iii) the amount of revenue can be measured reliably;
- (iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is recognised on the time proportion basis takes into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Rental income from investment properties is recognised on an accrual basis, by reference to the agreements entered.

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

Management fee and other operating income are recognised on an accrual basis.

3.21 Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of their assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

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

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

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

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

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

3.22 Financial instruments

Financial instruments are recognised on the balance sheet when the Group and the Company have become a party to the contractual provisions of the instrument.

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

The face values, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

3.23 Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group's and the Company's contribution to defined contribution plans, known as Employees' Provident Fund ("EPF") are recognised in the income statement in the financial year to which they relate.

(iii) Employees equity compensation benefits

The Company has an Employee's Share Option Scheme whereby options to subscribe for ordinary shares in the Company were granted by the Company to eligible employees, including Directors of the Group.

The Group and the Company recognised an increase in share capital and share premium when the options were exercised. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and of the Company's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are 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 adjustments to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group 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.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be 5 to 50 years. The carrying amounts of the Group's property, plant and equipment as at 31 December 2009 were RM11,433,528 (2008: RM11,391,043). Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the property, plant and equipment. Therefore the future depreciation charge could be revised.

Property development

The Group recognised property development revenue and costs in the income statements by using the stage of completion method. The stage of completion is measured by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs on completion.

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 by relying on past experience and the work of specialists.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)



5. PROPERTY, PLANT AND EQUIPMENT

Group	At 1 January RM	Additions RM	Disposals RM	Written off RM	Currency translation reserve RM	At 31 December RM
2009						
At 1994 valuation						
Buildings	6,355,000	0	0	0	0	6,355,000
At cost						
Buildings	2,210,430	55,459	0	0	(15,472)	2,250,417
Plant and machinery	10,874,527	1,584,803	(358,502)	0	(81,202)	12,019,626
Moulds	7,814,175	361,503	0	0	0	8,175,678
Motor vehicles	2,377,091	119,520	(29,801)	0	(7,964)	2,458,846
Office equipment, furniture and fittings	2,212,931	138,319	0	(49,759)	(1,115)	2,300,376
Tools, implements and equipment	1,917	758	0	0	0	2,675
Electrical installation and renovation	22,712	14,555	0	(7,821)	0	29,446
	<u>31,868,783</u>	<u>2,274,917</u>	<u>(388,303)</u>	<u>(57,580)</u>	<u>(105,753)</u>	<u>33,592,064</u>

Group	At 1 January RM	Current charge RM	Disposals RM	Written off RM	Currency translation reserve RM	At 31 December RM
2009						
Accumulated depreciation						
At 1994 valuation						
Buildings	1,989,453	127,100	0	0	0	2,116,553
At cost						
Buildings	600,890	137,098	0	0	(7,145)	730,843
Plant and machinery	7,685,322	540,961	(269,621)	0	(44,043)	7,912,619
Moulds	7,051,545	849,863	0	0	0	7,901,408
Motor vehicles	1,622,246	277,510	(29,800)	0	(4,732)	1,865,224
Office equipment, furniture and fittings	1,506,181	135,027	0	(32,474)	(574)	1,608,160
Tools, implements and equipment	1,446	300	0	0	0	1,746
Electrical installation and renovation	20,657	7,452	0	(6,126)	0	21,983
	<u>20,477,740</u>	<u>2,075,311</u>	<u>(299,421)</u>	<u>(38,600)</u>	<u>(56,494)</u>	<u>22,158,536</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)

Group	At 1 January RM	Additions RM	Disposals RM	Disposal of subsidiary companies RM	Currency translation reserve RM	At 31 December RM
2008						
At 1994 valuation						
Buildings	6,355,000	0	0	0	0	6,355,000
At cost						
Buildings	1,240,609	915,000	0	0	54,821	2,210,430
Plant and machinery	10,783,129	344,619	(655,234)	0	402,013	10,874,527
Moulds	7,429,574	384,601	0	0	0	7,814,175
Motor vehicles	2,377,229	3,417	(29,400)	(2,492)	28,337	2,377,091
Office equipment, furniture and fittings	2,033,653	193,994	0	(9,642)	(5,074)	2,212,931
Tools, implements and equipment	1,917	0	0	0	0	1,917
Electrical installation and renovation	28,712	0	0	(6,000)	0	22,712
	<u>30,249,823</u>	<u>1,841,631</u>	<u>(684,634)</u>	<u>(18,134)</u>	<u>480,097</u>	<u>31,868,783</u>

Group	At 1 January RM	Current charge RM	Disposals RM	Disposal of subsidiary companies RM	Currency translation reserve RM	At 31 December RM
2008						
Accumulated depreciation						
At 1994 valuation						
Buildings	1,862,353	127,100	0	0	0	1,989,453
At cost						
Buildings	461,140	119,492	0	0	20,258	600,890
Plant and machinery	7,433,000	654,878	(539,256)	0	136,700	7,685,322
Moulds	6,508,153	543,392	0	0	0	7,051,545
Motor vehicles	1,251,521	385,984	(26,486)	(2,319)	13,546	1,622,246
Office equipment, furniture and fittings	1,395,153	123,867	0	(6,409)	(6,430)	1,506,181
Tools, implements and equipment	1,183	263	0	0	0	1,446
Electrical installation and renovation	19,421	6,036	0	(4,800)	0	20,657
	<u>18,931,924</u>	<u>1,961,012</u>	<u>(565,742)</u>	<u>(13,528)</u>	<u>164,074</u>	<u>20,477,740</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)



	Group	
Net book value	2009 RM	2008 RM
At 1994 valuation		
Buildings	4,238,447	4,365,547
At cost		
Buildings	1,519,574	1,609,540
Plant and machinery	4,107,007	3,189,205
Moulds	274,270	762,630
Motor vehicles	593,622	754,845
Office equipment, furniture and fittings	692,216	706,750
Tools, implements and equipment	929	471
Electrical installation and renovation	7,463	2,055
	11,433,528	11,391,043
	11,433,528	11,391,043

Company

2009

	Office equipment, furniture and fittings RM
At cost	
At 1 January/31 December 2009	10,450
Accumulated depreciation	
At 1 January/31 December 2009	10,450
Net book value	
At 31 December 2009	0

Company

2008

	Office equipment, furniture and fittings RM
At cost	
At 1 January/31 December 2008	10,450
Accumulated depreciation	
At 1 January/31 December 2008	10,450
Net book value	
At 31 December 2008	0

Certain property, plant and equipment of the Group with net book values of RM7,254,056 (2008: RM7,335,017) are charged to local banks as securities for credit facilities as mentioned in Note 22.

Certain property, plant and equipment of the Group with net book values of RM4,310,491 (2008: RM4,440,122) are charged as securities for the redeemable secured loan stocks and irredeemable convertible secured loan stocks issued by the Company as mentioned in Note 19.

The property, plant and equipment of the Group with net book value of RM340,683 (2008: RM498,409) are acquired under hire purchase arrangements of which instalments are still outstanding.

Certain motor vehicles of the Group with net book values of RM38,444 (2008: RM93,660) are registered in the names of certain directors of the Group and third parties who hold them in trust for the subsidiary companies.

The freehold land and buildings of the subsidiary companies were revalued by the Directors in 1994 based on valuation exercises carried out by independent professional valuers on the open market value basis.

Had these assets been carried at historical cost, the carrying amount of the revalued buildings of the Group will be as follows:

	Group	
	2009 RM	2008 RM
Cost	4,754,340	4,754,340
Less: Accumulated depreciation	(1,734,318)	(1,639,231)
Carrying amount	3,020,022	3,115,109

6. INVESTMENT PROPERTIES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At cost				
1 January/31 December	5,693,561	5,693,561	2,800,000	2,800,000
Accumulated depreciation				
1 January	(463,423)	(433,303)	0	0
Current charge	(30,120)	(30,120)	0	0
31 December	(493,543)	(463,423)	0	0
Net book value	5,200,018	5,230,138	2,800,000	2,800,000
Fair value	9,967,000	7,737,000	3,000,000	3,000,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)



The fair value of certain properties are based on Directors' estimation by reference to market evidence of transaction prices for similar properties and recent experience in the location and category of the properties being valued whilst the rest of properties in the Group are based on valuation by Rahim & Co.

The investment properties as at balance sheet date are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Freehold land	4,187,561	4,187,561	2,800,000	2,800,000
Buildings	1,012,457	1,042,577	0	0
	5,200,018	5,230,138	2,800,000	2,800,000

The buildings which are leased out under operating leases amounted to RM1,012,457 (2008: RM1,042,577). The rental income earned by the Group from its investment properties during the financial year amounted to RM204,000 (2008: RM204,000).

The title deed of a parcel of freehold land of the Company with a net book value of RM2,800,000 is registered in the name of a subsidiary company.

Certain investment properties with a net book value of RM787,665 (2008: RM811,285) is charged as security for the credit facility mentioned in Note 22.

Certain investment properties of the Group and of the Company with total net book value of RM3,812,457 (2008:RM3,842,577) and RM2,800,000 (2008: RM2,800,000) respectively are charged as securities for the redeemable secured loan stocks and irredeemable convertible secured loan stocks issued by the Company as mentioned in Note 19.

7. PREPAID LAND LEASE PAYMENTS

	Group	
	2009 RM	2008 RM
At 1 January	1,149,058	1,177,785
Amortisation for the year	(28,727)	(28,727)
At 31 December	1,120,331	1,149,058
Analysed as:		
Short term leasehold land	1,120,331	1,149,058

At the balance sheet date, the unexpired lease period of the short leasehold land is 36 to 38 years (2008: 37 to 39 years).

At the balance sheet date, the short term leasehold land is charged as security for the credit facilities mentioned in Note 22 and for the redeemable secured loan stocks and irredeemable convertible secured loan stocks issued by the Company as mentioned in Note 19 and Note 21 respectively.

8. GOODWILL

	Group	
	2009 RM	2008 RM
At 1 January	551,552	551,552
Write off during the year	0	0
	551,552	551,552
At 31 December	551,552	551,552

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. Before recognition of any impairment losses, the carrying amount of goodwill had been allocated to the following business segments as independent CGUs:

	Group	
	2009 RM	2008 RM
Property development	551,552	551,552

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

(i) Key assumptions used

The recoverable amount of a CGU is determined based on higher of fair value less costs to sell and value-in-use. The value-in-use calculations are based on the discounted net cash projections based on financial budgets at a discount rate of 2% to 3.5% per annum above the lending banks' base lending rates (2008: 2% to 2.5% per annum above the lending banks' base lending rates).

(ii) Sensitivity analysis

With regard to the assessment of value-in-use and fair value less cost to sell, management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amounts of the units to be materially below their carrying amounts.

9. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2009 RM	2008 RM
Unquoted shares		
At cost	37,982,791	37,982,791
Less: Accumulated for diminution in value	(21,866,294)	(21,866,294)
	16,116,497	16,116,497

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)



Details of the subsidiary companies are as follows:

Name of subsidiary companies	Place of incorporation	Effective interest		Principal activities
		2009	2008	
Emico Penang Sdn. Bhd.	Malaysia	100%	100%	Manufacture of original equipment manufacturer products, awards, trophy components, medallions, souvenir, gift items, furniture products and general trading
Emico Tools Sdn. Bhd.	Malaysia	100%	100%	Inactive
Emico Capital Sdn. Bhd.	Malaysia	100%	100%	Inactive
Emico Marketing Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and marketing of awards, trophy components, souvenir items and general trading
Emico Development Sdn. Bhd.	Malaysia	100%	100%	Investment holding and property development
Emico Newk Sdn. Bhd.*	Malaysia	100%	100%	Inactive
Emico (Vietnam) Co. Ltd.*	Vietnam	100%	100%	Manufacturing of plastic products from plastic particles, plastic and metal souvenirs and household utensils
Mercu Tanah Langkawi Sdn. Bhd.	Malaysia	71%	71%	Investment holding
NEB Development Berhad	Malaysia	60%	60%	Investment holding company property development and provision of management services
Emico Creative Design Sdn. Bhd.	Malaysia	100%	100%	Dormant
<u>Subsidiary of Emico Marketing Sdn. Bhd.</u>				
Emico Melaka Sdn. Bhd. (Formerly known as Emico Development (Langkawi) Sdn. Bhd.)	Malaysia	51%	51%	Marketing of awards, trophy components and souvenir items and general trading
Emico Metalizing Sdn. Bhd.	Malaysia	100%	100%	Offering chroming services

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)

Name of subsidiary companies	Place of incorporation	Effective interest		Principal activities
		2009	2008	
<u>Subsidiary of NEB Development Berhad</u>				
NEB Pacific Sdn. Bhd. (Formerly known as Pacific Elevator Sdn. Bhd.)	Malaysia	60%	60%	Dormant
Unic Builders Sdn. Bhd. (Formerly known as Fuji Lift Components Manufacturing Sdn. Bhd.)	Malaysia	60%	60%	Dormant
<u>Subsidiary of Emico Penang Sdn. Bhd.</u>				
Standard Trend Apparel Industries Sdn. Bhd.	Malaysia	53.3%	53.3%	Inactive
Emico Asia Sdn. Bhd.	Malaysia	100%	100%	Trading of houseware and furniture
<u>Subsidiary of Mercu Tanah Langkawi Sdn. Bhd.</u>				
Operasi Tembaga Sdn. Bhd.	Malaysia	49.7%	49.7%	Investment holding
<u>Subsidiary of Operasi Tembaga Sdn. Bhd.</u>				
PKB-Operasi Tembaga Sdn. Bhd.	Malaysia	39.8%	39.8%	Property development

* The financial statements of these companies are not audited by UHY Diong, Malaysia.

As at 31 December 2009, all the shares held by the Company in NEB Development Berhad and Mercu Tanah Langkawi Sdn. Bhd. are charged as securities for the redeemable secured loan stocks.

10. INVESTMENT IN ASSOCIATED COMPANIES

	Group	
	2009 RM	2008 RM
Unquoted shares		
At cost	2,882,473	2,882,474
Share of post-acquisition results and reserves, net of dividend received	(1,378,046)	(1,280,191)
	<u>1,504,427</u>	<u>1,602,283</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)



The Group's interest in the associated companies is analysed as follows:

	Group	
	2009 RM	2008 RM
Share of net assets	1,498,629	1,596,485
Premium on acquisition	5,798	5,798
	1,504,427	1,602,283
	1,504,427	1,602,283

The associated companies are as follows:

Associated companies	Place of incorporation	Effective interest		Principal activities
		2009	2008	
Panashiba Industries (M) Sdn. Bhd.	Malaysia	50%	50%	Investment holding
PT Panashiba Industries Indonesia*@	Republic of Indonesia	24.5%	24.5%	Inactive
Quanzhou Fuji-Sino Elevators Co. Ltd.*	People's Republic of China	20.9%	20.9%	Manufacturing, installing and maintaining lifts and escalators
Asian Elevator (M) Sdn. Bhd.*	Malaysia	24%	24%	Dormant
Jiangnan Escalator (M) Sdn. Bhd.*	Malaysia	18%	18%	Dormant

* The financial statements of these associated companies are not audited by UHY Diong, Malaysia.

@ PT Panashiba Industries Indonesia is formed as a joint venture company on 1 April 1997 in Indonesia. The result of the operations of this associated company have not been equity accounted for in the consolidated financial statements as it had ceased operations and has not recommenced operations.

The summarised unaudited financial information of an associate, Quanzhou Fuji-Sino Elevators Co. Ltd is as follows:

	Group	
	2009 RM	2008 RM
Total assets	22,960,258	18,665,634
Total liabilities	18,658,797	14,083,299
Revenue	12,522,285	6,466,303
Loss for the year	226,710	681,426
	226,710	681,426
	226,710	681,426

The summarised financial information of other associated companies and the cumulative and current year's unrecognised share of losses in excess of the carrying amount of the investment in these associates were not disclosed as the Group's share of losses in these associates have been recognised to the extent of the carrying amount of the investments.

11. OTHER INVESTMENTS

	Group	
	2009 RM	2008 RM
Unquoted shares in Malaysia, at cost	57,500	57,500
Less: Allowance for diminution in value of investments	(57,500)	(57,500)
	0	0

12. PROPERTY DEVELOPMENT PROJECTS

	Group			
	2009		2008	
	Non-current assets RM	Current assets RM	Non-current assets RM	Current assets RM
At 1 January				
- Freehold land	9,778,660	3,990,636	9,145,256	4,684,040
- Development costs	18,690,672	28,182,531	21,569,928	28,445,775
	28,469,332	32,173,167	30,715,184	33,129,815
Cost incurred/(reversed) during the year:				
- Freehold land	0	0	0	0
- Development costs	0	7,107,753	0	10,511,635
- Eliminated due to completion of project	0	(7,389,765)	0	(12,006,862)
- Transfer to inventories	0	0	0	(1,707,273)
	0	(282,012)	0	(3,202,500)
Costs recognised in income statements:				
1 January	0	(8,745,999)	0	(9,678,999)
Recognised during the year	0	(6,324,000)	0	(9,603,708)
Eliminated due to completion of project	0	5,968,000	0	10,536,708
Foreseeable loss	0	(786,000)	0	(1,338,000)
	0	(9,887,999)	0	(10,083,999)
Transfer of non-current asset (to)/from current assets of property development costs:				
- Freehold land	245,739	(245,739)	633,404	(633,404)
- Development costs	628,126	(628,126)	(2,879,256)	2,879,256
	873,865	(873,865)	(2,245,852)	2,245,852
At 31 December	29,343,197	21,129,291	28,469,332	22,089,168

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)



The property development costs at end of the year are analysed as follows:

	Group			
	2009	2009	2008	2008
	Non-current assets RM	Current assets RM	Non-current assets RM	Current assets RM
Freehold land, at cost	10,024,399	3,990,635	9,778,660	3,990,635
Development costs	19,318,798	17,138,656	18,690,672	18,098,533
	29,343,197	21,129,291	28,469,332	22,089,168

Included in property development costs incurred during the previous financial year were the following charges:

	Group	
	2009 RM	2008 RM
Employee benefit expenses:		
- Contributions to employees' provident fund	0	5,028
- Other staff costs	0	47,165
Rental of:		
- Premise	0	5,920
- Equipment	0	480

The freehold land of certain subsidiary companies with a total carrying value of RM11,810,133 (2008: RM11,564,394) are charged as security for the redeemable secured loan stocks and irredeemable convertible secured loan stocks issued by the Company as mentioned in Note 19 and Note 21 respectively. The fair value of the stated properties in the Group are based on valuation by Rahim & Co.

13. DEFERRED TAX ASSETS

	Group	
	2009 RM	2008 RM
At 1 January/31 December	278,400	304,800

The deferred tax assets are in respect of the unused tax losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)

The estimated amount of net deferred tax assets calculated at the applicable tax rate which have not been recognised in the financial statements are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Property, plant and equipment	(194,900)	(108,600)	0	0
Allowance for inventory obsolescence	50,700	50,700	0	0
Others	14,200	11,300	0	0
Unused tax losses	6,065,000	6,775,300	929,700	988,700
	<u>5,935,000</u>	<u>6,728,700</u>	<u>929,700</u>	<u>988,700</u>

14. INVENTORIES

	Group	
	2009 RM	2008 RM
At cost		
Raw materials	1,073,869	1,167,325
Work-in-progress	1,184,346	1,233,335
Finished goods	3,899,124	3,297,723
Developed properties	7,091,694	7,580,979
Goods-in-transit	0	941
	<u>13,249,033</u>	<u>13,280,303</u>

The cost of inventories of the Group recognised as an expense during the year was RM49,686,660 (2008: RM51,379,461).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)



15. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade receivables	15,775,058	17,654,174	0	0
Less: Allowance for doubtful debts	(5,197,831)	(5,099,648)	0	0
	10,577,227	12,554,526	0	0
Other receivables	4,364,741	5,854,770	0	0
Less: Allowance for doubtful debts	(1,218,708)	(1,218,708)	0	0
	3,146,033	4,636,062	0	0
Amount owing by subsidiary companies	0	0	75,068,928	76,411,091
Less: Allowance for doubtful debts	0	0	(33,768,874)	(33,803,009)
	0	0	41,300,054	42,608,082
Amount owing by associated companies	127,607	127,607	0	0
Less: Allowance for doubtful debts	(127,607)	(127,607)	0	0
	0	0	0	0
Amount owing by related parties				
- trade	42,873	130,975	0	0
Amount owing by a Director	56,000	63,000	0	0
Deposits	554,931	583,682	1,000	1,000
Prepayments	119,171	93,932	27,500	0
Accrued billings in respect of property development	369,623	0	0	0
	14,865,858	18,062,177	41,328,554	42,609,082

The credit period granted on sale of goods and services rendered ranges from 30 to 120 days (2008: 30 to 120 days) while the credit period for purchases of properties is 21 to 90 days (2008: 21 to 90 days).

Amount owing by subsidiary companies arose mainly from transfer of bank borrowings from subsidiary companies pursuant to the debt restructuring scheme of the Group implemented in 2004 and unsecured advances which are interest free and have no fixed term of repayment.

The amount owing by associated companies arose mainly from advances which are unsecured, interest free and with no fixed term of repayment.

The amount owing by a Director arose from a housing and car loans given to Directors which are unsecured, interest free and has no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)

The related parties are companies in which certain directors and shareholders are connected to certain directors of the Company.

The currency exposure profile of receivables, deposits and prepayments is as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	9,888,019	12,313,530	41,328,554	42,609,082
United States Dollar	3,927,615	4,762,273	0	0
Chinese Renminbi	20,038	0	0	0
Vietnamese Dong	950,232	981,924	0	0
Singapore Dollar	79,954	4,450	0	0
	<u>14,865,858</u>	<u>18,062,177</u>	<u>41,328,554</u>	<u>42,609,082</u>

16. DEPOSITS WITH A LICENSED BANK

Fixed deposits of the Group and of the Company which have been pledged are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sinking Fund Account for the repayment of RSLs and 4% coupon rate of ICSLS and RSLs	0	90,774	0	90,774
Pledged as security for banking facilities granted to a subsidiary company	470,156	423,842	0	0
	<u>470,156</u>	<u>514,616</u>	<u>0</u>	<u>90,774</u>

The effective annual rates of deposits with licensed banks of the Group and of the Company is 2.5% (2008: 2.90% to 3.70%) and N/A (2008: 2.90%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)



17. CASH AND BANK BALANCES

Included in the cash and bank balances is an amount of RM1,187,382 (2008: RM2,442,706) maintained under the Housing Development Account pursuant to the Housing Development (Housing Development Account) Regulations 1991.

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	2,075,956	3,543,592	17,537	71,034
United States Dollar	965,029	734,782	0	0
European Euro	215,118	38,218	0	0
Hong Kong Dollar	437	1,916	0	0
British Pound	0	1,659	0	0
Chinese Renminbi	2,994	2,653	0	0
Thai Baht	48	549	0	0
Vietnamese Dong	188	4,750	0	0
	<u>3,259,770</u>	<u>4,328,119</u>	<u>17,537</u>	<u>71,034</u>

18. SHARE CAPITAL

	Group/Company	
	2009 RM	2008 RM
Authorised		
Ordinary shares of RM1 each	150,000,000	150,000,000
Issued and fully paid		
Ordinary shares of RM1 each:		
At 1 January	52,785,921	52,535,811
Increased during the year	43,140,600	250,110
At 31 December	<u>95,926,521</u>	<u>52,785,921</u>

During the financial year, the Company increased its issued and paid up share capital from RM52,785,921 to RM95,926,521 by way of issuance of RM43,140,600 ordinary shares of RM1 each through the conversion of 431,406 units of Irredeemable Convertible Secured Loan Stocks.

The new ordinary shares rank pari passu with the then existing ordinary shares of the Company.

On 1 December 2003, 11,130,000 detachable warrants were granted by the Company to the subscribers of the rights shares. The warrants may be exercised at any time after the issue date but not later than 5.00 p.m. on 1 December 2013. Each warrant entitles its registered holder, at any time during the exercise period of the warrants, to subscribe for one new ordinary share. The exercise price of each warrant is fixed at RM1 payable in cash for each new ordinary share of RM1 each in the Company. As at 31 December 2009, none of the 11,130,000 warrants were exercised to subscribe for new ordinary shares.

19. IRREDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("ICSLS")

On 24 May 2004, the Company issued 451,537 units of 4% 5 year ICSLS at nominal value of RM100 per 4% ICSLS at an issue price of RM88.59 to its Scheme Lenders pursuant to the Debt Restructuring Scheme implemented.

The principal terms of the ICSLS are as follows:

- i) Conversion rights - each holder of the ICSLS shall have the right to convert the ICSLS into fully paid-up new ordinary shares of RM1 each in the Company based on the conversion ratio at any time during the conversion period of five years commencing from the date of issue;
- ii) Conversion ratio - one new ordinary share of RM1 in the Company issued as fully paid-up for every theoretical value of ICSLS at the conversion price of RM1;
- iii) The theoretical value of the 4% ICSLS at the following anniversary date of the issue of the 4% ICSLS are tabulated below:

Anniversary date	Nominal value per 4% ICSLS RM	Theoretical value per 4% ICSLS RM
First	100.00	89.90
Second	100.00	91.30
Third	100.00	92.77
Fourth	100.00	94.34
Fifth	100.00	100.00

- iv) The ICSLS bears a fixed coupon rate of 4% per annum and is payable annually in arrears; and
- v) The new ordinary shares to be allotted and issued upon conversion of the ICSLS will rank pari passu in all aspects with the existing ordinary shares of the Company except that they will not rank for any dividends, rights, allotment or other distributions, declared, made or paid prior to the allotment of the shares.

The ICSLS and the redeemable secured loan stocks mentioned in Note 21 are secured by certain property, plant and equipment of the subsidiary companies, certain development properties of the subsidiary companies and all the shares held by the Company in NEB Development Berhad (Formerly known as Northern Elevator Berhad) and Mercu Tanah Langkawi Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)



The ICSLS have been presented as a compound instrument which comprises both an equity and a liability component. At the balance sheet date, the carrying amount of each component is as follows:

	Group/Company	
	2009	2008
	RM	RM
ICSLS (Equity Component):		
At 1 January	40,448,421	38,310,232
Converted into ordinary shares during the year	(43,140,600)	(250,110)
Transfer from liability component to equity component due to reduction in interest obligation	1,736,220	634,236
Increase in ICSLS theoretical value	955,959	1,754,063
	<u>0</u>	<u>40,448,421</u>
ICSLS (Liability Component):		
At 1 January	1,736,220	2,370,456
Converted into ordinary shares during the year	0	0
Transfer from liability component to equity component due to reduction in interest obligation	(1,736,220)	(634,236)
	<u>0</u>	<u>1,736,220</u>
Total	<u>0</u>	<u>42,184,641</u>

20. RESERVES

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Non-distributable as cash dividends:				
Share premium	7,736,782	7,736,782	7,736,782	7,736,782
Exchange reserve	(733,743)	(683,842)	0	0
	<u>7,003,039</u>	<u>7,052,940</u>	<u>7,736,782</u>	<u>7,736,782</u>

Share premium of the Group and of the Company arose from allotments of ordinary shares at premium.

Exchange reserve of the Group is used to record exchange differences arising on translation of the financial statements of foreign operations as described in the accounting policies.

21. REDEEMABLE SECURED LOAN STOCKS ("RSLs")

On 24 May 2004, the Company issued 840,001 units of 4% 5 year RSLs at nominal value of RM100 per 4% RSLs at an issue price of RM81.31 to its Scheme Lenders pursuant to the Debt Restructuring Scheme implemented.

The principal terms of the RSLs are as follows:

- (i) Convertibility - the RSLs would be fully redeemed and not convertible into new shares of the Company;
- (ii) The RSLs bear a fixed coupon rate of 4% per annum and is payable annually in arrears; and
- (iii) The RSLs may be redeemable in part or in full at the option of the Company from the date of issuance. Any RSLs not redeemed within one year from the date of issuance will be redeemed by the Company pro-rated among the holders of the RSLs as follows:

Anniversary date	Nominal value RM	Redemption value RM	Redemption price RM per 4% RSLs
First	0	0	83.81
Second	13,870,000	12,000,000	86.52
Third	22,362,000	20,000,000	89.44
Fourth	21,600,000	20,000,000	92.59
Fifth	26,168,000	26,168,000	100.00
	<u>84,000,000</u>	<u>78,168,000</u>	

The securities on the RSLs are disclosed in Note 19.

The movements of the RSLs during the year are as follows:

	Group/Company	
	2009 RM	2008 RM
At 1 January	35,552,039	33,448,246
Redemption during the year	(900,000)	0
Increase in RSLs redemption price	1,059,561	2,103,793
At 31 December	<u>35,711,600</u>	<u>35,552,039</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)



22. BANK BORROWINGS

	Group	
	2009	2008
	RM	RM
Short term borrowings		
Secured:		
Bank overdrafts	66,518	25,908
Trust receipts	699,127	995,792
Hire purchase payables (Note 23)	158,591	163,480
Term loans	228,652	698,389
Other borrowings	1,066,090	530,000
	2,218,978	2,413,569
Long term borrowings		
Secured:		
Hire purchase payables (Note 23)	271,778	423,443
Term loans	266,706	0
	538,484	423,443
Total borrowings		
Bank overdrafts	66,518	25,908
Trust receipts	699,127	995,792
Hire purchase payables (Note 23)	430,369	586,923
Term loans	495,358	698,389
Other borrowings	1,066,090	530,000
	2,757,462	2,837,012

The non-current portion of term loan is repayable as follows:

- later than 1 year but not later than 5 years	266,706	0
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The currency exposure profile of borrowings is as follows:

	Group	
	2009	2008
	RM	RM
Ringgit Malaysia	673,643	2,138,623
Vietnam Dong	1,281,448	698,389
	1,955,091	2,837,012

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)

The secured bank borrowings of the Group are secured over a pledge of short-term deposit, charges over certain or entire assets of the subsidiary companies and are further guaranteed by the Company.

The Group's bank overdrafts and trust receipts bear interest at 2.00% (2008: 2.00%) per annum above the banks' base lending rates. The Group's other borrowings represents a restructured loan to be settle by way of fixed instalments with no further interest charge.

The term loans bear interest rate of 3.50% (2008: 2.00% to 2.50%) per annum above the banks' base lending rates with a minimum rate of 7.00% per annum.

The effective interest rates per annum as at balance sheet date for the Group are as follows:

	Group	
	2009 %	2008 %
Bank borrowings	10.50	18.00 - 21.00
Bank overdrafts	8.75	8.75
Trust receipts	8.75	8.75
Term loans	7.00	9.00

23. HIRE PURCHASE PAYABLES

	Group	
	2009 RM	2008 RM
Representing hire purchase liabilities		
- current	158,591	163,480
- non-current	271,778	423,443
	430,369	586,923
Hire purchase liabilities:		
Minimum hire purchase repayments		
- not later than 1 year	171,972	188,335
- later than 1 year but not later than 5 years	292,993	450,865
- later than 5 years	0	3,395
	464,965	642,595
Future finance charges on hire purchase	(34,596)	(55,672)
	430,369	586,923

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)



	Group	
	2009 RM	2008 RM
Present value of hire purchase liabilities		
- not later than 1 year	158,761	163,480
- later than 1 year but not later than 5 years	271,778	420,720
- later than 5 years	0	2,723
	430,539	586,923
	430,539	586,923

The hire purchase payables bear interest at the rate of 2.30% to 7.15% (2008: 4.37% to 7.15%) per annum.

The hire purchase payables are secured by the financial institutions' charges over the assets under hire purchase.

24. DEFERRED TAX LIABILITIES

The movement of deferred tax liabilities is as follows:

	Group	
	2009 RM	2008 RM
At 1 January	568,518	533,946
Recognised in the income statements (Note 30):		
- reversal of deferred tax liability on revaluation surplus arising from the change in tax rates	6,500	29,200
- underprovision in respect of prior year	17,000	39,300
- crystallisation of deferred tax liability on revaluation surplus	(11,949)	(11,095)
- adjustment resulting from reduction in tax rate	0	(22,833)
	580,069	568,518
	580,069	568,518

The deferred tax liabilities are in respect of the following:

	Group	
	2009 RM	2008 RM
Property, plant and equipment	178,700	158,500
Others	0	(3,300)
Revaluation surplus of revalued properties	401,369	413,318
	580,069	568,518
	580,069	568,518

25. PAYABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade payables	9,423,780	9,863,798	0	0
Other payables	5,377,994	5,744,149	521,888	542,073
Amount owing to subsidiary companies	0	0	9,569,689	9,513,848
Amount owing to Directors	184,732	400,580	0	0
Amount owing to related parties				
- trade	30,000	164,561	0	0
- non-trade	6,007,087	7,692,826	307,879	307,879
Progress billing in respect of property development costs	925,855	1,893,165	0	0
Deposit received	3,750	4,350	0	0
Accruals	6,387,294	8,715,088	1,514,521	631,372
	<u>28,340,492</u>	<u>34,478,517</u>	<u>11,913,977</u>	<u>10,995,172</u>

Trade payables comprise amounts outstanding for trade purchases and construction related costs. The credit period granted to the Group ranges from 30 to 150 days (2008: 30 to 150 days).

The amount owing to subsidiary companies is non-trade in nature, unsecured, interest free and has no fixed terms of repayment.

The amount owing to Directors is unsecured, interest free and has no fixed terms of repayment.

The related parties are companies in which certain Directors of the Group and their family members have significant financial and controlling interests.

The currency exposure profile of payables is as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	26,347,152	32,554,588	11,913,977	10,995,172
United States Dollar	113,515	877,015	0	0
Chinese Renminbi	7,948	0	0	0
Vietnamese Dong	1,496,973	872,962	0	0
European Euro	239,936	40,004	0	0
Singapore Dollar	0	0	0	0
Hong Kong Dollar	125,321	124,301	0	0
Swedish Krona	9,647	9,647	0	0
	<u>28,340,492</u>	<u>34,478,517</u>	<u>11,913,977</u>	<u>10,995,172</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)



26. REVENUE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sales of goods	50,858,727	45,309,200	0	0
Revenue from property development activities	9,746,408	19,553,479	0	0
Chroming services rendered	568,313	311,735	0	0
Management services rendered	0	0	240,000	240,000
	61,173,448	65,174,414	240,000	240,000

27. STAFF COSTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Contributions to employees' provident fund	313,281	321,213	12,240	12,720
Other staff costs	5,106,619	5,216,803	176,648	192,398
	5,419,900	5,538,016	188,888	205,118

Included in staff costs are Directors' remuneration as follows:

**Executive Directors
of the Company:**

Fee	15,000	25,000	15,000	25,000
Contributions to employees' provident fund	36,000	36,480	12,240	12,720
Other emoluments	301,593	795,394	102,398	106,398

**Non-executive Directors
of the Company:**

Fee	20,000	15,000	20,000	15,000
Other emoluments	15,250	22,000	15,250	22,000

**Executive Directors of the
subsidiaries:**

Contributions to employees' provident fund	11,520	12,276	0	0
Other emoluments	108,797	112,172	0	0
	508,160	1,018,322	164,888	181,118

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)

28. FINANCE COSTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest on loan stock	1,939,099	2,814,319	1,939,099	2,814,319
Interest on bank borrowings	79,105	108,813	0	0
Interest on term loans	140,746	155,934	0	0
Interest on hire purchase	25,496	26,028	0	0
Interest on others	19,307	35,847	57	324
	<u>2,203,753</u>	<u>3,140,941</u>	<u>1,939,156</u>	<u>2,814,643</u>

29. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit/(Loss) before tax is arrived at after charging:				
Allowance for slow moving inventories	43,416	187,780	0	0
Allowance for doubtful debts	301,786	141,934	0	0
Audit fee				
- current year	98,637	100,137	23,000	23,000
- overprovision in respect of prior year	0	(3,120)	0	0
Bad debts written off	1,900	2,743	0	0
Depreciation and amortisation	2,134,158	2,019,859	0	0
Loss on foreign exchange				
- unrealised	18,644	35,671	0	0
- realised	188,825	16,301	0	0
Property, plant and equipment written off	18,980	4,606	0	0
Rental of:				
- premises	373,336	357,628	0	0
- equipment	2,388	3,527	0	0
- property, plant and equipment	0	7,196	0	0
	<u></u>	<u></u>	<u></u>	<u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)



	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
and crediting:				
Allowance for doubtful debts no longer required	48,321	117,690	34,135	293,845
Allowance for foreseeable loss no longer required	552,000	0	0	0
Interest income	217,446	166,046	4,142	6,158
Gain on disposal of property, plant equipment	18,317	3,486	0	0
Gain on foreign exchange				
- unrealised	0	2,851	0	0
- realised	199,101	465,504	0	0
Rental income on				
- premises	324,000	324,000	0	0
- machinery	180,000	180,000	0	0

30. TAXATION

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
The major components of the tax expense are:				
Current tax expense based on profit for the year	22,500	195,000	0	0
Underprovision of RPGT in respect of prior years	0	10,716	0	0
Underprovision of taxation in respect of prior years	644,207	575,422	0	0
	666,707	781,138	0	0
Deferred tax expense (Note 24):				
- relating to origination and reversal of temporary differences	32,900	12,667	0	0
- underprovision in respect of prior year	17,000	39,300	0	0
- crystallisation of deferred tax liability on revaluation surplus	(11,949)	(11,095)	0	0
- adjustment resulting from reduction in tax rate	0	(6,300)	0	0
	704,658	815,710	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Reconciliation of tax expense/(income) and accounting profit/(loss):				
Accounting profit/(loss) before tax	2,102,321	561,094	(2,503,165)	(2,937,863)
Tax at the applicable tax rate of 25% (2008: 26%)	525,580	145,900	(625,800)	(763,800)
Tax effect of :				
- expenses not deductible for tax purposes	952,331	876,149	693,100	686,000
- income not subject to tax	(647,300)	(55,700)	(8,500)	0
- different tax rate	(5,500)	(30,500)	0	0
Underprovision of RPGT in respect of prior years	0	10,716	0	0
Underprovision of taxation in respect of prior years	644,207	575,422	0	0
Permanent loss not recognised during the year	90,140	6,823	200	0
Deferred tax assets not recognised during the financial year	(52,700)	105,900	(59,000)	77,800
Utilisation of deferred tax assets not recognised in prior year	(819,100)	(852,000)	0	0
Underprovision of deferred taxation in respect of prior years	17,000	39,300	0	0
Reversal of deferred tax liability upon disposal of revalued properties	0	0	0	0
Deferred tax expense resulting from reduction in tax rate	0	(6,300)	0	0
Tax expense for the year	704,658	815,710	0	0

The estimated amount of tax savings included in net income as a result of the realisation of unused tax losses of the Group is RM4,854,000 (2008: RM622,000).

The Malaysian Budget 2008 introduced a single tier income tax system with effect from year of assessment 2008. Companies without Section 108 tax credit will automatically move to the new single tier dividend system on 1 January 2008 whilst companies with tax credit are given an irrevocable option to elect for a switch to the new system during the transitional period of six years. All the companies will be in the new system on 1 January 2014. Under the new system, tax on profits of companies is a final tax and dividend distributed will be exempted from tax in the hands of the shareholders. The Company did not elect for the irrevocable option to switch to the new system.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)



Subject to agreement by the Inland Revenue Board, the Company has unabsorbed tax losses which may be utilised to offset against future taxable income of the Company as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Unabsorbed tax losses	25,249,048	25,067,000	3,719,000	3,955,000
Unused tax capital allowances	583,100	798,300	0	0

31. PROFIT/(LOSS) PER ORDINARY SHARE

	Group	
	2009 RM	2008 RM
Profit/(Loss) for the year attributable to equity holders of the Group	1,254,393	(535,715)
Add: Assumed saving in interest expenses charged to income statements on conversion of ICCLS	0	70,165
Profit/(Loss) used in the calculation of basic loss per share	1,254,393	(465,550)

	Group	
	2009 Units	2008 Units
Number of ordinary shares issue as at 1 January	52,785,921	52,535,811
Effect of conversion of ICCLS	0	40,698,842
Effect of share issue during the year	26,357,134	138,723
Weighted average number of ordinary shares in issue	79,143,055	93,373,376
Basic profit/(loss) per ordinary share (sen)	1.58	(0.50)

32. RELATED PARTY BALANCES AND TRANSACTIONS

Significant transactions between the Group and the Company with related parties during the year were as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
With subsidiary companies:				
Management fee received				
Emico Development Sdn. Bhd.	0	0	240,000	240,000
With other related parties				
Purchases:				
Century Plas Industries				
Sdn. Bhd.	5,613,835	5,888,172	0	0
U-Can Marketing Sdn. Bhd.	206,626	292,121	0	0
Sales:				
Century Plas Industries				
Sdn. Bhd.	5,321,192	4,186,708	0	0
U-Can Marketing Sdn. Bhd.	6,556	10,831	0	0
Project management fees paid				
Emiglow Ventures (M)				
Sdn. Bhd.	60,000	60,000	0	0
Rental of machinery received:				
Century Plas Industries				
Sdn. Bhd.	180,000	180,000	0	0
Rental of premises received:				
Century Plas Industries				
Sdn. Bhd.	120,000	120,000	0	0
Rental paid and payable:				
Mr. Tan Chin Peng, a director				
of a subsidiary company	22,828	22,828	0	0

The Directors are of the opinion that the above transactions were entered into in the normal course of business and have been determined based on terms negotiated and agreed between the parties.

The related parties are companies in which certain Directors of the Group and their family members have significant financial and controlling interests.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)



33. DIRECTORS' BENEFIT-IN-KIND

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Estimated cash value of benefits-in-kind provided to directors	34,525	59,125	0	0

34. CONTINGENT LIABILITY

	Company	
	2009 RM	2008 RM
Corporate guarantee extended to local banks and creditors for credit facility granted to and utilised by the subsidiary companies	2,488,000	2,488,000

35. OPERATING LEASE ARRANGEMENTS

The Group has entered into an operating lease agreement for the use of land and premises for a lease term of 44 years.

The future aggregate minimum lease payments under operating leases contracted for as at balance sheet date but not recognised as liabilities are as follows:

	Group	
	2009 RM	2008 RM
Not later than 1 year	108,705	110,163
Later than 1 year but not later than 5 years	434,820	440,652
Later than 5 years	3,397,027	3,552,755
	<u>3,940,552</u>	<u>4,103,570</u>

36. FINANCIAL INSTRUMENTS

The Group's operations are subject to a variety of financial risks, including interest rate risk, credit risk, foreign currency exchange risk and liquidity and cash flow risks. The Group's overall financial risk management objectives are to ensure that the Group create value for their shareholders. The Group focuses on the unpredictability of financial markets and seek to minimise potential adverse effects of such risks on its financial performance. Various financial risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

The Group is exposed to the following financial risks:

Interest rate risk

The Group's exposures to changes in interest rate risk related primarily to the Group's deposits with licensed banks, bank borrowings, term loans and hire purchase payables. Interest rates of term loans are mainly subject to fluctuations in the banks' base lending rates. The Group does not use derivative financial instruments to hedge its risk.

Credit risk

The Group is exposed to credit risk mainly from trade and non-trade receivables. These receivables are continually monitored to ensure that issue arising from non-collectability are minimised. There were no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the balance sheet.

Foreign currency exchange risk

The Group has exposure to foreign currency risk as a result of transactions with its foreign subsidiary companies, receivables and payables in foreign currencies arising from normal operating activities. The Group does not speculate in foreign market.

Liquidity risk

The Company practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

Cash flow risk

The Company reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Financial assets

The Group's and the Company's principal financial assets are trade receivables, other receivables, amount owing by subsidiary companies, amount owing by associated companies, amount owing by related parties, amount owing by Directors, deposits, prepayments, accrued billings in respect of property development and cash and bank balances.

The accounting policies applicable to the major financial assets are as disclosed in Note 3 to the financial statements.

Financial liabilities and equity instruments

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

Equity instrument are recorded at the proceeds received.

The Group's and the Company's principal financial liabilities are trade payables, other payables, amount owing to subsidiary companies, amount owing to Directors, amount owing to related parties, progress billing in respect of property development costs, deposits received, accruals, hire purchase payables, bank borrowings and term loans.

Fair values

The carrying amounts of the Group's and the Company's cash and cash equivalents, trade receivables, other receivables, deposits, trade payables, other payables and accruals are assumed to approximate their fair values because of the short maturity of these instruments.

The fair values of the amount owing by/(to) subsidiary companies, amount owing by/(to) Directors and amount owing by associated companies have not been computed as the timing of the repayment of these balances cannot be reasonably determined.

The carrying amount of the term loan approximate fair value as it is subject to variable interest rate which in turn approximate the current market interest rate for a similar loan at the balance sheet date.

The aggregate net fair values of financial assets and liabilities which are not carried at fair value on the balance sheets of the Group as at balance sheet date are represented as follows:

	Group	
	Carrying amount RM	Fair value RM
At 31 December 2009		
Hire purchase payables (Note 23)	430,369	509,986
At 31 December 2008		
Hire purchase payables (Note 23)	586,923	620,524

38. SEGMENTAL REPORTING

Business Segments

For management purposes, the Group is organised into the following business segments:

- Manufacturing and trading of consumable products
- Property development
- Investment holding

Inter-segment pricing is determined based on negotiated terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)

The Group	Manufacturing and trading of consumable products RM	Property development RM	Investment holdings RM	Eliminations RM	Total RM
2009					
Revenue					
External sales	51,152,241	9,746,408	274,799	0	61,173,448
Inter-segment sales	6,946,088	0	240,000	(7,186,088)	0
Total Revenue	<u>58,098,329</u>	<u>9,746,408</u>	<u>514,799</u>	<u>(7,186,088)</u>	<u>61,173,448</u>
Results					
Segment results	1,668,223	2,600,878	(562,779)	697,608	4,403,930
Share of loss of associated companies					(97,856)
Finance costs					(2,203,753)
Profit before tax					2,102,321
Income tax expenses					(704,658)
Profit for the year					<u>1,397,663</u>
Other information					
Capital additions	<u>2,169,778</u>	<u>105,139</u>	<u>0</u>	<u>0</u>	<u>2,274,917</u>
Depreciation and amortisation	<u>1,892,538</u>	<u>240,369</u>	<u>1,251</u>	<u>0</u>	<u>2,134,158</u>
Other non-cash expenses	<u>364,451</u>	<u>20,275</u>	<u>0</u>	<u>0</u>	<u>384,726</u>
Assets					
Segment assets	52,093,009	84,636,681	67,646,880	(103,155,436)	101,221,134
Income tax assets					92,574
Investment in associated companies					1,504,427
Consolidated total assets					<u>102,818,135</u>
Liabilities					
Segment liabilities	73,446,297	60,190,837	51,606,999	(120,611,972)	64,632,161
Borrowings					2,757,462
Income tax liabilities					1,065,490
Consolidated total liabilities					<u>68,455,113</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)



The Group

	Manufacturing and trading of consumable products RM	Property development RM	Investment holdings RM	Eliminations RM	Total RM
2008					
Revenue					
External sales	45,620,935	19,553,479	0	0	65,174,414
Inter-segment sales	0	0	240,000	(240,000)	0
Total Revenue	<u>45,620,935</u>	<u>19,553,479</u>	<u>240,000</u>	<u>(240,000)</u>	<u>65,174,414</u>
Results					
Segment results	2,555,594	925,623	(130,342)	(181,961)	3,168,914
Share of loss of associated companies					533,121
Finance costs					(3,140,941)
Profit before tax					561,094
Income tax expenses					(815,710)
Loss for the year					<u>(254,616)</u>
Other information					
Capital additions	<u>876,220</u>	<u>965,411</u>	<u>0</u>	<u>0</u>	<u>1,841,631</u>
Depreciation and amortisation	<u>1,710,300</u>	<u>308,308</u>	<u>1,251</u>	<u>0</u>	<u>2,019,859</u>
Other non-cash expenses	<u>239,534</u>	<u>131,870</u>	<u>1,330</u>	<u>0</u>	<u>372,734</u>
Assets					
Segment assets	51,953,750	88,311,078	69,070,801	(103,965,323)	105,370,306
Income tax assets					151,214
Investment in associated companies					1,602,283
Consolidated total assets					<u>107,123,803</u>
Liabilities					
Segment liabilities	74,835,226	66,065,093	52,265,205	(120,830,230)	72,335,294
Borrowings					2,837,012
Income tax liabilities					721,457
Consolidated total liabilities					<u>75,893,763</u>

Geographical segments

The following is an analysis of the carrying amount of segment assets and capital additions by the geographical area in which the assets are located.

	Carrying amount of segment assets		Capital additions	
	2009 RM	2008 RM	2009 RM	2008 RM
Malaysia	97,485,794	101,876,589	818,407	1,507,815
Other Asian countries	3,735,340	3,493,717	1,456,510	333,816
	<u>101,221,134</u>	<u>105,370,306</u>	<u>2,274,917</u>	<u>1,841,631</u>

The segment revenue from external customer by geographical area based on the geographical location of its customers are as follows:

	2009 RM	2008 RM
Malaysia	21,863,835	31,218,810
Europe	33,240,969	28,014,120
Other countries	6,068,644	5,941,484
	<u>61,173,448</u>	<u>65,174,414</u>

Authorised Share Capital	: RM150,000,000
Issued and Fully Paid Up Capital	: RM95,926,521
Class of Shares	: Ordinary shares of RM1 each
Voting Rights	: One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shares Held		No. of Shareholders	
	Quantity	%	Number	%
1 To 99	614	-	16	0.47
100 To 1,000	780,871	0.81	847	24.82
1,001 To 10,000	8,771,742	9.15	1,830	53.63
10,001 To 100,000	19,369,200	20.19	643	18.85
100,001 To 4,796,325 (*)	27,276,818	28.44	71	2.08
4,796,326 AND ABOVE (**)	39,727,276	41.41	5	0.15
Total	95,926,521	100.00	3,412	100.00

REMARK: * Less than 5% of issued shares

** 5% or more of issued shares

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares Held			
	Direct	%	Indirect	%
1. Lim Poh Hoon	112,000	0.12	18,074,759 #	18.84
2. Lim Teik Hian	52,000	0.05	18,134,759 #	18.91
3. Lim Teck Chye	1,211,630	1.26	16,975,129 #	17.70
4. Lim Poh Leng	-	-	18,186,759 #	18.96
5. Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd for Malayan Banking Berhad	14,470,400	15.08	-	-
6. ABB Nominee (Tempatan) Sdn Bhd Affin Bank Berhad	7,099,176	7.40	-	-
7. CIMSEC Nominees (Tempatan) Sdn Bhd Danaharta Urus sdn Bhd	7,004,300	7.30	-	-
8. CIMB Bank Berhad	5,045,100	5.26	-	-

Note :

By virtue of their beneficial interest in the shares held by Mercsec Nominees (Tempatan) Sdn. Bhd., HDM Nominees (Tempatan) Sdn. Bhd., PM Nominees (Tempatan) Sdn. Bhd., Alliancegroup Nominees (Tempatan) Sdn. Bhd., Mayban Nominees (Tempatan) Sdn. Bhd., CIMSEC Nominees (Tempatan) Sdn. Bhd., Ke-Zan Nominees (Tempatan) Sdn. Bhd. and Beng Choo Marketing Sdn. Bhd. for the substantial shareholders listed above. In addition it also includes the deemed interest via their family members Lim Teik Hian (brother), Lim Poh Hoon (sister), Lim Teck Chye (brother) and Lim Poh Leng (sister).

DIRECTORS' SHAREHOLDINGS

Name	No. of Shares Held			
	Direct	%	Indirect	%
1. Lim Teik Hian	52,000	0.05	18,134,759 #	18.91
2. Lim Teck Chye	1,211,630	1.26	16,975,129 #	17.70
3. Wong Sew Yun	895,859	0.93	55,320	0.06

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2010

DISTRIBUTION OF WARRANTS

Size of Holdings	No. of Warrants Held		No. of Warrantholders	
	Quantity	%	Number	%
1 To 99	1,924	0.02	40	3.26
100 To 1,000	390,422	3.51	540	43.94
1,001 To 10,000	1,941,906	17.45	461	37.51
10,001 To 100,000	5,600,060	50.31	171	13.91
100,001 To 556,499 (*)	3,195,688	28.71	17	1.38
556,500 AND ABOVE (**)	-	-	-	-
Total	11,130,000	100.00	1,229	100.00

REMARK: * Less than 5% of issued warrants

** 5% and above of issued warrants

DIRECTORS' WARRANTHOLDINGS

Name	No. of Warrants Held			
	Direct	%	Indirect	%
1. Wong Sew Yun	263,488	2.37	-	-
2. Lim Teik Hian	13,000	0.12	-	-

LIST OF TOP 30 SHAREHOLDERS

AS AT 30 APRIL 2010



(Without Aggregating Securities from Different Securities Accounts Belonging to the Same Person)

	Name	No. of Shares	Percentage
1.	Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd for Malayan Banking Berhad	14,470,400	15.08
2.	ABB Nominee (Tempatan) Sdn Bhd Affin Bank Berhad	7,099,176	7.40
3.	CIMSEC Nominees (Tempatan) Sdn Bhd Danaharta Urus Sdn Bhd	7,004,300	7.30
4.	PM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Teck Chye	6,108,300	6.37
5.	CIMB Bank Berhad	5,045,100	5.26
6.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Teck Chye	2,200,000	2.29
7.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Lim Poh Leng	1,997,000	2.08
8.	Beng Choo Marketing Sdn Bhd	1,964,212	2.05
9.	PM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Poh Leng	1,853,200	1.93
10.	Lim Teck Chye	1,211,630	1.26
11.	Wong Sew Yun	895,859	0.93
12.	Hupson (B'worth) Sdn Bhd	791,000	0.82
13.	Ooi Hock Heng	701,600	0.73
14.	Mercsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Beng Choo Marketing Sdn Bhd	692,600	0.72
15.	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Pang Lan Yin	679,100	0.71
16.	HDM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Poh Leng	600,900	0.63
17.	Mercury Industries Berhad	510,000	0.53
18.	Pang Lan Yin	485,000	0.51
19.	HDM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Teck Chye	480,000	0.50
20.	Mayban Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Teck Chye	477,917	0.50
21.	Lee Mooi Lang	470,000	0.49
22.	Ke-zan Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Beng Choo Marketing Sdn Bhd	437,000	0.46
23.	Chan Chee Seng	410,000	0.43
24.	Bank Perusahaan Kecil & Sederhana Malaysia Berhad	361,200	0.38
25.	Yeo Pow Choo	340,900	0.36
26.	RHB Capital Nominees (Tempatan) Sdn Bhd Goh Wee Hok	307,800	0.32
27.	Ang Hock Hin	307,500	0.32
28.	Sim Kean Hee	300,000	0.31
29.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chong Chee Ming	289,900	0.30
30.	Kee Ngeng Hong	262,100	0.27
	Total	58,753,694	61.24

LIST OF TOP 30 WARRANTHOLDERS

AS AT 30 APRIL 2010

(Without Aggregating Securities from Different Securities Accounts Belonging to the Same Person)

	Name	No. of Shares	Percentage
1.	Yeo Pow Choo	359,400	3.23
2.	Lee Ah Yew	340,000	3.05
3.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Che Lian binti Ismail	300,000	2.70
4.	Wong Sew Yun	263,488	2.37
5.	Chai Choo Mee	229,700	2.06
6.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for AB Ghani bin Haji Mahmood	208,000	1.87
7.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chai Choo Mee	169,500	1.52
8.	Rodzali bin Din	154,600	1.39
9.	Fuziah binti Ali	153,800	1.38
10.	Ong Lian Oeu	153,000	1.37
11.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Swee Thaim	133,700	1.20
12.	Chua Jui Meng	131,600	1.18
13.	Gan Keng Meng	129,900	1.17
14.	Low Teong Hwa	127,000	1.14
15.	Kong Kee Sang	108,000	0.97
16.	Chua Jui Kiat	100,000	0.90
17.	HLG Nominee (Tempatan) Sdn Bhd Hong Leong Bank for Phang Wai Keen	100,000	0.90
18.	Jayapalan A/L S Perumal	100,000	0.90
19.	RHB Capital Nominees (Tempatan) Sdn Bhd Chan Chiau Hee	100,000	0.90
20.	Tan Kong Beng	100,000	0.90
21.	Mercsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Li Li	94,000	0.84
22.	AIBB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Mohamad Sharif bin Tufail Mohamad	92,000	0.83
23.	Chu Mun Len @ Chu Lee Sen	87,000	0.78
24.	Lim Suey Hock	84,000	0.75
25.	Tee Chai Lok	82,000	0.74
26.	Yong Swee Ping	80,000	0.72
27.	Mercsec Nominees (Tempatan) Sdn Bhd - Mercury Securities Sdn Bhd	75,600	0.68
28.	Ong Eng Huat	70,000	0.63
29.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Sing Ka Tong	69,000	0.62
30.	Chin Poh Lean	66,000	0.59
	Total	4,261,288	38.28

LIST OF PROPERTIES
AS AT 31 DECEMBER 2009



Location	Tenure	Description / Existing Use	Land Area (sq ft)	Built-up Area (sq ft)	Age of Building (Years)	Net Book Value RM'000	Acquisition / Revaluation*
Plot 17 Kawasan Perindustrian Bayan Lepas, Mukim 12 Daerah Barat Daya, Pulau Pinang	60-years Leasehold Expiring 2045	Land and factory building for industrial use	39,346	33,602	25	1,113	1994*
Plot 18 & 19 Kawasan Perindustrian Bayan Lepas, Mukim 12 Daerah Barat Daya, Pulau Pinang	60-years Leasehold Expiring 2046 and 2047 respectively	Land and factory buildings, warehouse and office for industrial use	81,350	116,847	18 to 25	5,105	1994*
Unit 2-5-9 Harbour Trade Centre, Lebuhraya Macallum, Pulau Pinang	99-years Leasehold Expiring 2089	Office unit for rental	-	2,031	15	225	1992
Taman Batik, Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	On-going mix development project	1,986,814	-	-	2,817	1996
HS(D) 773/97, PT 49753 Mk Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	On-going mix development project	6,155,891	-	-	8,316	1996
HS(D) 1/97, PT 48979 Mk Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	Vacant commercial land for future development	154,118	-	-	2,800	1997
Lot D-2, LOTEKO Industrial Park, Route 15A, Long Binh, Bien Hoa, Dong Nai, Vietnam	44 years Leasehold Expiring 2046	Factory buildings and office for industrial use	97,204	79,591	7	560	2003
HS (M) 156-96 MK Kuah Kelibang Kedah	99 years Leasehold Expiring 2095	On-going mix development project	1,589,940	-	-	2,205	1996
HS(D) 762/97, PT 49740 & HS(D) 763/97, PT 49741 Mk Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	Vacant commercial land for petrol station	66,930	-	-	1,388	2007
Geran 127391 & 127392 Bandar Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	3 storey office building	2,800	7,394	2	887	2008

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Company will be held at The Conference Room of Emico Holdings Berhad, 18 Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang on Monday, 28 June 2010 at 11.00 a.m. for the following purposes :-

AGENDA

As Ordinary Business :

- 1 To receive the Audited Financial Statements for the financial year ended 31 December 2009 together with the Reports of Directors and Auditors thereon. **Please refer to Note 6**
- 2 To approve the payment of Directors' Fees for the financial year ended 31 December 2009. **Ordinary Resolution 1**
- 3 To re-elect the following Directors who retire pursuant to Article 80 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:
 - i. Mr. Lim Teck Chye **Ordinary Resolution 2**
 - ii. Mr. Ng Chee Kong **Ordinary Resolution 3**
- 4 To re-appoint Messrs. UHY (formerly known as UHY Diong) as Auditors of the Company until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

As Special Business :

To consider and if thought fit, to pass with or without modifications the following resolutions as Ordinary/Special Resolutions :

- 5 **AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ISSUE SHARES**
"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued."
Ordinary Resolution 5

- 6 **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE INVOLVING MADAM CHAN LAY LI**
"THAT, approval be given to the Company and/or its subsidiary companies to enter into recurrent transactions of a revenue or trading nature as stated in Section 2.1 of the Circular to Shareholders dated 04 June 2010 ("Circular") involving Madam Chan Lay Li with related parties which are necessary for the day-to-day operations and on normal commercial terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders as set out in the Circular ("the Mandate").

THAT the Directors be empowered to do all such acts and things (including executing all such documents as may be required) as they may be considered expedient or necessary to give full effect to the Mandate with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities AND THAT such Mandate shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next AGM of the Company following the passing of this ordinary resolution or the expiry of the period within which the next AGM is required by law to be held but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965 (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, whichever is earlier);

THAT disclosure will be made in the Annual Report of the Company of the aggregate value of Recurrent Related Party Transactions conducted pursuant to the Mandate during the financial year based on the following information :-

- (i) the type of Recurrent Related Party Transactions made; and
- (ii) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Company."

Ordinary Resolution 5

7 **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE INVOLVING MR. LIM TECK CHYE, MADAM LIM POH LENG AND MADAM CHAN LAY LI**

"THAT, approval be given to the Company and/or its subsidiary companies to enter into recurrent transactions of a revenue or trading nature as stated in Section 2.1 of the Circular to Shareholders dated 04 June 2010 ("Circular") involving Mr. Lim Teck Chye, Madam Lim Poh Leng and Madam Chan Lay Li with related parties which are necessary for the day-to-day operations and on normal commercial terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders as set out in the Circular ("the Mandate").

THAT the Directors be empowered to do all such acts and things (including executing all such documents as may be required) as they may be considered expedient or necessary to give full effect to the Mandate with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities AND THAT such Mandate shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next AGM of the Company following the passing of this ordinary resolution or the expiry of the period within which the next AGM is required by law to be held but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965 (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, whichever is earlier);

THAT disclosure will be made in the Annual Report of the Company of the aggregate value of Recurrent Related Party Transactions conducted pursuant to the Mandate during the financial year based on the following information :-

- (i) the type of Recurrent Related Party Transactions made; and
- (ii) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Company."

Ordinary Resolution 7

8 **PROPOSED AMENDMENT TO THE COMPANY'S ARTICLES OF ASSOCIATION**

"THAT the existing Article 142 of the Company's Articles of Association which read as follows:

142. 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, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the Register or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the Dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.

be deleted in its entirety and substituted with the following new Article 142:-

142. Any dividend, interest or money payable in cash in respect of shares may be paid by electronic payments via direct crediting to the bank account of the holder whose name appear in the Record of Depositors or by cheque or warrant sent through the post directed to the registered address of the holder and to such address as the holder may in writing direct. Every such mode of payments shall be made payable to the order of the person and shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the cheque or warrant has been stolen or that the endorsement thereon has been forged or discrepancy in the bank account details of the holder. Any cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.

Special Resolution 1

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

By Order of the Board

LEE PENG LOON (MACS 01258)
P'NG CHIEW KEEM (MAICSA 7026443)
Joint Secretaries

Penang
Date : 04 June 2010

NOTES ON APPOINTMENT OF PROXY

1. A proxy may but need not be a member of the Company and the provisions of the Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company.
2. For a proxy to be valid, the proxy form duly completed and must be deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specified the proportion of his shareholdings to be represented by each proxy.
5. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.

EXPLANATORY NOTE ON ORDINARY BUSINESS

6. The Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders of the Company and hence, Agenda 1 is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

7. The proposed Ordinary Resolution 5, if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.

The general mandate for issue of shares is a renewal. As at the date of notice of the meeting, no shares has been issued pursuant to the general mandate granted at the last Annual General Meeting of the Company and of which, it will lapse at the conclusion of the 18th Annual General Meeting of the Company to be held on 28 June 2010.

The general mandate for issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.

8. The proposed Ordinary Resolutions 6 and 7, if passed, will enable the Company and its subsidiaries to enter into recurrent transactions involving the interests of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of minority shareholders of the Company, particulars of which have been disclosed in the Circular to Shareholders dated 04 June 2010 which have been dispatched together with the Company's 2009 Annual Report.
9. The Special Resolution 1 is to seek shareholders' approval to amend Article 142 of the Company's Articles of Association to facilitate future payments of dividends through electronic payment systems.

10. **2009 Annual Report**

The 2009 Annual Report is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholder upon request within four (4) market days from the date of receipt of the verbal or written request.

Shareholders who wish to receive the printed Annual Report and who require assistance in viewing the CD-ROM, kindly contact Ms. Susan Chang at telephone no. 03-2264 3883 or email your request to Susan.Chang@my.tricorglobal.com



PROXY FORM

EMICO HOLDINGS BERHAD

(Company No. 230326-D)
(Incorporated In Malaysia)

*I / We _____
(Full Name In Block Letters)

of _____
(Address)

being a *member / members of the abovenamed Company, hereby appoint _____

(Full Name In Block Letters)

of _____
(Address)

or failing him, the Chairman of the Meeting as * my / our proxy to vote for * me / us on * my / our behalf at the Eighteenth Annual General Meeting of the Company to be held at The Conference Room of Emico Holdings Berhad, 18 Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang on Monday, 28 June 2010 at 11.00 a.m. and at any adjournment thereof.

RESOLUTION	ORDINARY							SPECIAL
	1	2	3	4	5	6	7	
FOR								
AGAINST								

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote or abstain from voting at his/her discretion.

Signed this day of, 2010

No. of shares held

.....
Signature of Member(s)

Notes:

- 1 A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies' Act, 1965 shall not apply to the Company.
- 2 For a proxy to be valid, this form duly completed must be deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
- 3 A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
- 4 Where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specified the proportion of his shareholdings to be represented by each proxy.
- 5 If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

* Strike out whichever is not desired.

