

LII HEN INDUSTRIES BHD.
(301361-U)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
31 DECEMBER 2009

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LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

CORPORATE INFORMATION

DIRECTORS:	Chua Lee Seng Executive Chairman Chua Yong Haup Managing Director Tok Heng Leong Executive Director Tan Bee Eng Executive Director Mohd Qari Bin Ahmad Independent Non-Executive Director Tey Ping Cheng Independent Non-Executive Director Onn Yee Han Independent Non-Executive Director
AUDIT COMMITTEE:	Tey Ping Cheng Committee Chairman Onn Yee Han Mohd Qari Bin Ahmad
NOMINATION COMMITTEE:	Onn Yee Han Committee Chairman Tey Ping Cheng Mohd Qari Bin Ahmad
REMUNERATION COMMITTEE:	Mohd Qari Bin Ahmad Committee Chairman Tey Ping Cheng Onn Yee Han
SECRETARY:	Tan Wang Giap MACS 00523
AUDITORS:	John Lim & Associates Chartered Accountants
PRINCIPAL BANKERS:	OCBC Bank (Malaysia) Berhad HSBC Bank Malaysia Berhad Malayan Banking Berhad
SOLICITORS:	K.H Tan & Co
REGISTRARS:	Plantation Agencies Sdn Berhad Standard Chartered Bank Chambers Lebuh Pantai 10300 Penang Tel: 04-2625333 Fax: 04-2622018
REGISTERED OFFICE:	67, 2nd Floor Room B, Jalan Ali 84000 Muar, Johor Darul Takzim Tel: 06-9541818 Fax: 06-9525823
PRINCIPAL PLACE OF BUSINESS:	Plo 43, Kawasan Perindustrian Bukit Pasir Jalan Raja, Mukim Sungai Raya 84300 Bukit Pasir Muar, Johor Darul Takzim Tel: 06-9857202 Fax: 06-9857818 Email: lhib @ liihenfurniture.com
STOCK EXCHANGE LISTING:	Main Market of the Bursa Malaysia Securities Berhad
WEBSITE:	www.liihenfurniture.com

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

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

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

RESULTS

	Group RM	Company RM
Profit for the financial year	<u>16,186,109</u>	<u>3,381,817</u>
Attributable to:		
Equity holders of the Company	16,188,451	3,381,817
Minority interests	<u>(2,342)</u>	<u>-</u>
	<u>16,186,109</u>	<u>3,381,817</u>

DIVIDENDS

The dividends paid or declared by the Company since the end of the previous financial year were as follows:

	RM
In respect of the financial year ended 31 December 2008, as shown in the Directors' report of that financial year,	
- first and final single tier dividend of 1.5 sen per share and special single tier dividend of 2.5 sen declared on 15 July 2009 and paid on 28 July 2009	2,400,000
In respect of the financial year ended 31 December 2009,	
- interim single tier dividend of 4.5 sen per share declared on 31 December 2009 and paid on 15 January 2010	<u>2,700,000</u>
	<u>5,100,000</u>

The Directors proposed a final single tier dividend of 1.5 sen and special single tier dividend of 3.0 sen amounting to RM2,700,000 in respect of financial year ended 31 December 2009. These proposed dividends are subject to approval by the shareholders at the forthcoming Annual General Meeting and have not been included as liabilities in the financial statements.

DIRECTORS' REPORT – continued**RESERVES AND PROVISIONS**

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

ISSUE OF SHARES AND DEBENTURES

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

EMPLOYEES' SHARE OPTION SCHEME

The Company has yet to grant options under the Employees' Share Option Scheme ("ESOS") governed by the ESOS By-Laws that was approved by the shareholders of the Company at the Extraordinary General Meeting held on 07 February 2002. The ESOS is going to expire on 29 May 2012. Pursuant to the scheme, options to subscribe for ordinary shares of RM1 each are granted to eligible employees of the Group, including executive and non-executive Directors of any company in the Group.

The salient features of the ESOS are as disclosed in note 15 to the financial statements.

DIRECTORS

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

Chua Lee Seng
Chua Yong Haup
Tok Heng Leong
Tan Bee Eng
Mohd Qari Bin Ahmad
Tey Ping Cheng
Onn Yee Han

In accordance with the Company's articles of association, Messrs. Tok Heng Leong and Mohd Qari Bin Ahmad retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTEREST

The Directors holding office at the financial year end and their interests in share capital of the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			Balance 31.12.2009
	Balance 01.01.2009	Bought	Sold	
Direct interest				
- Chua Lee Seng	617,000	80,100	-	697,100
- Tok Heng Leong	150,043	-	-	150,043
- Tan Bee Eng	152,665	-	-	152,665
Indirect interest				
- Chua Lee Seng	25,386,170	449,000	-	25,835,170
- Tok Heng Leong	25,386,170	-	-	25,386,170
- Tan Bee Eng	25,386,170	-	-	25,386,170

DIRECTORS' REPORT - continued**DIRECTORS' INTEREST** - continued

By virtue of their interests in the shares of the Company, Messrs. Chua Lee Seng, Tok Heng Leong, and Tan Bee Eng are also deemed to have interests in the shares of all the subsidiary companies to the extent that the Company has an interest.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares of the Company or its related corporation during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than emoluments shown in note 23(b) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except as disclosed in note 29 to the financial statements.

Neither during nor at the end of the financial year, was the Company or any of its subsidiary companies a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

- (a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that no allowance for doubtful debts was required; and
 - (ii) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT - continued

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts inadequate to any substantial extent or would require any amounts to be allowed for as doubtful debts in the financial statements of the Group and of the Company,
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading,
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
 - (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person, or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) No contingent or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.
- (e) In the opinion of the Directors:
- (i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in significant events during the financial year; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year.

DIRECTORS' REPORT - continued**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

- a) On 06 February 2008, a subsidiary company, Lii Hen Plantation Sdn. Bhd. ('LHPSB'), entered into a Memorandum of Agreement ('MOA') with Perbadanan Islam Johor and Perisind Holdings Sdn. Bhd. ('PHSB') for the lease of the right to use of approximately 3,473 hectares permanent reserve forest estates in the state of Johor Darul Takzim for planting and/or cultivation of rubber wood trees. The MOA was terminated on 20 July 2009.

On 22 July 2009, LHPSB entered into a Joint Venture Agreement ('JVA') with PIJ Holdings Sdn. Bhd. ('PIJHSB') (formerly known as PHSB) to develop the approximately 3,473 hectares permanent reserve forest estates in the state of Johor Darul Takzim for planting and/or cultivation of rubber wood trees. On 17 August 2009, LHPSB acquired a company, PPL Plantations Sdn. Bhd. ('PPLPSB'), for the purpose of carrying out the plantation development.

On 19 August 2009, the issue and paid up capital of PPLPSB was increased from RM2 to RM500,000 and subscribed by LHPSB and PIJHSB in accordance with the JVA. As a result, the effective interest of LHPSB and PIJHSB is 80% and 20% respectively.

On 08 September 2009, PPLPSB entered into a Sub-Development Agreement with PIJHSB for the plantation development.

As at the date of this report, PPLPSB has not taken vacant possession of the said area and is awaiting approvals from the relevant authorities to carry out the planting and/or cultivation of rubber wood trees.

- b) On 04 May 2009, a subsidiary company, Favourite Design Sdn. Bhd. ('FDSB'), entered into a Sale and Purchase Agreement with a third party to acquire two pieces of land together with two factory buildings held under Lot PTD 1471 and Lot PTD 1472, situated in Sungai Raya, Muar, Johor, for a total purchase consideration of RM4,800,000. The transaction was completed during the financial year.

- c) On 25 August 2009, a subsidiary company, CT Haup Heng Sdn. Bhd., entered into a Sale and Purchase Agreement with a third party to purchase a piece of vacant agricultural land held under Lot 1880, situated in Sungai Raya, Muar, Johor, for a purchase consideration of RM178,000. The transaction was completed during the financial year.

- d) On 28 October 2009, a fire incident occurred at FDSB's premises. As a result, property, plant and equipment and inventories amounting to RM5,894,849 and RM2,484,292 respectively were written off during the financial year as disclosed in note 23(a) to the financial statements.

Insurance claims amounting to RM6,121,967 were recognised in the income statement of the Group during the financial year as disclosed in note 22 to the financial statements.

- e) On 28 December 2009, a subsidiary company, Kejora Juara Sdn. Bhd., entered into a Sale and Purchase Agreement to acquire three pieces of land together with workers' quarters and a building held under Lot 527, Lot 1828 and Lot 1830, situated in Sungai Raya, Muar, Johor, for a total consideration of RM2.2 million. As at the date of this report, the transaction has not been completed.

DIRECTORS' REPORT - continued

AUDITORS

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

Signed in accordance with a resolution of the Directors.

Chua Lee Seng
Director

Tan Bee Eng
Director

Muar

Date: 17 March 2010

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

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

Signed in accordance with a resolution of the Directors.

Chua Lee Seng
Director

Tan Bee Eng
Director

Date: 17 March 2010

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

STATUTORY DECLARATION

I, Lydia Sim Lee Hea, the officer primarily responsible for the financial management of Lii Hen Industries Bhd., do solemnly and sincerely declare that the accompanying balance sheets, statements of income, of changes in equity and of cash flow together with the notes thereto are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared)
by the abovenamed at Muar in the)
State of Johore on 17 March 2010)

Lydia Sim Lee Hea

Before me,

Hj. Ismail Tunggak @ Hj. Ahmad
(No: J 184)
Commissioner for Oaths

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LII HEN INDUSTRIES BHD.**

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the accompanying financial statements of Lii Hen Industries Bhd., which comprise the balance sheet as at 31 December 2009 of the Group and of the Company, and the income statements, statement 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 22 to 73.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LII HEN INDUSTRIES BHD. - continued**
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

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

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

Other Matters

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

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

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

Date: 17 March 2010

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Jalan Ali, 84000 Muar
Johor Darul Takzim

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LII HEN INDUSTRIES BHD.

(Incorporated in Malaysia)

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009**

	Note	2009 RM	2008 RM
ASSETS			
Non-current assets			
Property, plant and equipment	5	33,407,092	34,443,477
Prepaid lease payments	6	12,432,624	10,786,732
Intangible asset	8	-	178,654
		<u>45,839,716</u>	<u>45,408,863</u>
Current assets			
Inventories	9	31,420,490	36,705,192
Receivables	10	28,920,407	20,797,835
Tax assets	12	37,630	187,451
Short term investments	13	146,880	1,762,559
Fixed deposits with licensed banks	14	9,696,851	2,478,855
Cash and bank balances		22,155,829	13,434,991
		<u>92,378,087</u>	<u>75,366,883</u>
TOTAL ASSETS		<u>138,217,803</u>	<u>120,775,746</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	15	60,000,000	60,000,000
Reserves	16	42,324,280	29,783,683
		<u>102,324,280</u>	<u>89,783,683</u>
Minority interests		<u>186,902</u>	<u>49,244</u>
Total equity		<u>102,511,182</u>	<u>89,832,927</u>
LIABILITIES			
Non-current liabilities			
Borrowings	17	6,585,422	3,409,333
Deferred taxation	19	2,249,605	1,417,076
		<u>8,835,027</u>	<u>4,826,409</u>
Current liabilities			
Payables	20	20,644,845	12,544,358
Tax liabilities	12	1,403,329	186,760
Borrowings	17	2,123,420	13,385,292
Dividend payable		2,700,000	-
		<u>26,871,594</u>	<u>26,116,410</u>
Total liabilities		<u>35,706,621</u>	<u>30,942,819</u>
TOTAL EQUITY AND LIABILITIES		<u>138,217,803</u>	<u>120,775,746</u>

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

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

**CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

	Note	2009 RM	2008 RM
Revenue	21	218,850,482	173,180,218
Cost of sales		<u>(185,605,617)</u>	<u>(155,740,254)</u>
Gross profit		33,244,865	17,439,964
Other income	22	12,274,811	4,333,411
Administrative expenses		(15,514,625)	(6,840,531)
Selling expenses		(8,331,532)	(7,473,099)
Other expenses		<u>(257,388)</u>	<u>(417,130)</u>
Operating profit	23	21,416,131	7,042,615
Finance cost	24	<u>(383,311)</u>	<u>(795,797)</u>
Profit before taxation		21,032,820	6,246,818
Income tax expenses	12	<u>(4,846,711)</u>	<u>(785,315)</u>
Profit for the financial year		<u>16,186,109</u>	<u>5,461,503</u>
Attributable to:			
Equity holders of the Company		16,188,451	5,462,259
Minority interests		<u>(2,342)</u>	<u>(756)</u>
		<u>16,186,109</u>	<u>5,461,503</u>
Earnings per share attributable to equity holders of the Company (sen)			
- basic	26	<u>26.98</u>	<u>9.10</u>
Net dividend per share (sen)			
- interim dividend	27	4.50	-
- final and special dividends	27	<u>4.50</u>	<u>4.00</u>

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

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

Note	← Attributable to equity holders of the Company →						Minority Interests RM	Total RM
	Issued and fully paid ordinary shares of RM1 each Share Capital RM	Non-distributable		Distributable		Total RM		
		Share Premium RM	Revaluation Reserve RM	Retained Profit RM				
As at 01 January 2008	60,000,000	1,432,852	2,368,399	21,420,173	85,221,424	-	85,221,424	
Net gain recognised directly in equity								
- adjustment on revaluation reserve resulting from change in income tax rate	-	-	(51,215)	51,215	-	-	-	
- realisation of revaluation reserve	-	-	(89,671)	89,671	-	-	-	
Profit for the financial year	-	-	-	5,462,259	5,462,259	(756)	5,461,503	
Subscription of shares in subsidiary company by minority interests	-	-	-	-	-	50,000	50,000	
Total recognised income and expense for the financial year	-	-	(140,886)	5,603,145	5,462,259	49,244	5,511,503	
Dividend	27	-	-	(900,000)	(900,000)	-	(900,000)	
As at 31 December 2008	<u>60,000,000</u>	<u>1,432,852</u>	<u>2,227,513</u>	<u>26,123,318</u>	<u>89,783,683</u>	<u>49,244</u>	<u>89,832,927</u>	

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

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 - continued

Note	← Attributable to equity holders of the Company →						Minority Interests RM	Total RM
	Issued and fully paid ordinary shares of RM1 each Share Capital RM	Non-distributable Share Premium RM	Revaluation Reserve RM	Distributable Retained Profit RM	Total RM	Total RM		
As at 01 January 2009	60,000,000	1,432,852	2,227,513	26,123,318	89,783,683	49,244	89,832,927	
Net gain recognised directly in equity - realisation of revaluation reserve	-	-	(38,162)	38,162	-	-	-	
Profit for the financial year	-	-	-	16,188,451	16,188,451	(2,342)	16,186,109	
Subscription of shares in subsidiary company by minority interests	-	-	-	-	-	140,000	140,000	
Revaluation surplus, net of deferred tax	-	-	1,452,146	-	1,452,146	-	1,452,146	
Total recognised income and expense for the financial year	-	-	1,413,984	16,226,613	17,640,597	137,658	17,778,255	
Dividends	27	-	-	(5,100,000)	(5,100,000)	-	(5,100,000)	
As at 31 December 2009	60,000,000	1,432,852	3,641,497	37,249,931	102,324,280	186,902	102,511,182	

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

LII HEN INDUSTRIES BHD.

(Incorporated in Malaysia)

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

	Note	2009 RM	2008 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		21,032,820	6,246,818
Adjustments for:			
Allowance for doubtful debts		-	343,409
Amortisation of prepaid lease payments		232,561	228,445
Bad debts written off		288,327	73,721
Depreciation		2,981,830	4,047,142
Deposit forfeited		4,346	-
Impairment loss on goodwill on consolidation		178,654	-
Interest expenses		383,311	795,797
Inventories written off due to fire incident		2,484,292	-
Inventories written down to realisable value		14,431	64,037
Preliminary expenses written off		4,556	4,600
Property, plant and equipment written off		6,288,616	-
Allowance for doubtful debts no longer required		(343,409)	-
Gain on disposal of property, plant and equipment		(177,820)	(103,916)
Interest income		(252,156)	(127,075)
Unrealised foreign exchange loss/(gain)		46,238	(804,488)
Operating profit before working capital changes		33,166,597	10,768,490
Decrease/(increase) in inventories		2,785,979	(4,971,764)
Increase in receivables		(8,143,575)	(5,305,785)
Increase/(decrease) in payables		8,136,301	(1,545,558)
Cash generated from/(used in) operations		35,945,302	(1,054,617)
Income tax refund	12(a)	150,000	368,724
Income tax paid	12(a)	(3,216,841)	(532,021)
Interest paid		(383,311)	(795,797)
Net cash from/(used in) operating activities		32,495,150	(2,013,711)

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

- continued

	Note	2009 RM	2008 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to prepaid lease payments		(1,878,453)	-
Preliminary expenses incurred		(4,556)	(4,600)
Purchase of property, plant and equipment		(6,838,246)	(2,908,823)
Purchase of short term investments		(32,131)	(1,762,559)
Interest received		241,843	126,600
Proceeds from disposal of property, plant and equipment		653,200	244,962
Proceeds from disposal of short term investments		1,647,810	-
Proceeds from issuance of shares by a subsidiary company to minority shareholders		140,000	50,000
Net cash used in investing activities		<u>(6,070,533)</u>	<u>(4,254,420)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net changes in bankers' acceptances		(11,088,903)	9,043,879
Repayment of hire purchase payables		(98,018)	(350,182)
Repayment of term loans		(341,221)	(222,276)
Dividend paid	27	(2,400,000)	(900,000)
Placement of fixed deposits		(2,006,462)	(1,006,231)
Drawdown of term loan		4,000,000	-
Net cash (used in)/from financing activities		<u>(11,934,604)</u>	<u>6,565,190</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		14,490,013	297,059
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<u>13,844,585</u>	<u>13,547,526</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	28	<u><u>28,334,598</u></u>	<u><u>13,844,585</u></u>

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

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

BALANCE SHEET
AS AT 31 DECEMBER 2009

	Note	2009 RM	2008 RM
ASSETS			
Non-current assets			
Property, plant and equipment	5	-	-
Investments in subsidiary companies	7	<u>28,571,500</u>	<u>28,571,500</u>
		<u>28,571,500</u>	<u>28,571,500</u>
Current assets			
Receivables	10	15,487	15,594
Amounts due by subsidiary companies	11	36,953,717	36,032,237
Tax asset	12	31,916	31,916
Bank balances		<u>266,597</u>	<u>206,488</u>
		<u>37,267,717</u>	<u>36,286,235</u>
TOTAL ASSETS		<u><u>65,839,217</u></u>	<u><u>64,857,735</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	15	60,000,000	60,000,000
Reserves	16	<u>3,125,484</u>	<u>4,843,667</u>
Total equity		<u><u>63,125,484</u></u>	<u><u>64,843,667</u></u>
LIABILITIES			
Current liabilities			
Payables	20	13,289	14,068
Amount due to a subsidiary company	11	444	-
Dividend payable		<u>2,700,000</u>	<u>-</u>
		<u>2,713,733</u>	<u>14,068</u>
TOTAL EQUITY AND LIABILITIES		<u><u>65,839,217</u></u>	<u><u>64,857,735</u></u>

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

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

**INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

	Note	2009 RM	2008 RM
Revenue	21	3,608,000	3,200,000
Other income	22	<u>2,033</u>	<u>1,085</u>
		3,610,033	3,201,085
Administrative expenses		<u>(228,216)</u>	<u>(210,210)</u>
Operating profit	23	3,381,817	2,990,875
Finance cost	24	<u>-</u>	<u>-</u>
Profit before taxation		3,381,817	2,990,875
Income tax expense	12	<u>-</u>	<u>-</u>
Profit for the financial year		<u>3,381,817</u>	<u>2,990,875</u>
Attributable to:			
Equity holder of the Company		<u>3,381,817</u>	<u>2,990,875</u>

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

LII HEN INDUSTRIES BHD.

(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

	Note	Issued and fully paid ordinary shares of RM1 each Share Capital RM	Non-distributable Share Premium RM	Distributable Retained Profit RM	Total RM
As at 01 January 2008		60,000,000	1,432,852	1,319,940	62,752,792
Profit for the financial year, representing total recognised income and expense for the financial year		-	-	2,990,875	2,990,875
Dividend	27	-	-	(900,000)	(900,000)
As at 31 December 2008		<u>60,000,000</u>	<u>1,432,852</u>	<u>3,410,815</u>	<u>64,843,667</u>
As at 01 January 2009		60,000,000	1,432,852	3,410,815	64,843,667
Profit for the financial year, representing total recognised income and expense for the financial year		-	-	3,381,817	3,381,817
Dividends	27	-	-	(5,100,000)	(5,100,000)
As at 31 December 2009		<u>60,000,000</u>	<u>1,432,852</u>	<u>1,692,632</u>	<u>63,125,484</u>

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

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

**CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

	Note	2009 RM	2008 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		3,381,817	2,990,875
Adjustments for:			
Dividend income		(3,608,000)	(3,200,000)
Interest income		(2,033)	(1,085)
Operating loss before working capital changes		(228,216)	(210,210)
Decrease in receivables		107	263
Decrease in payables		(779)	(4,511)
Cash used in operations		(228,888)	(214,458)
Dividend received from subsidiary companies		3,608,000	3,200,000
Net cash from operating activities		3,379,112	2,985,542
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances to subsidiary companies		(921,480)	(9,328,170)
Subscription of shares in existing subsidiary company	7	-	(444,900)
Interest received		2,033	1,085
Repayment by subsidiary companies		-	7,807,720
Net cash used in investing activities		(919,447)	(1,964,265)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	27	(2,400,000)	(900,000)
Advance from a subsidiary company		444	-
Net cash used in financing activities		(2,399,556)	(900,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		60,109	121,277
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR			
		206,488	85,211
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR			
	28	266,597	206,488

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

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009

1. GENERAL

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

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

The registered office of the Company is at 67, 2nd Floor, Room B, Jalan Ali, 84000 Muar, Johor Darul Takzim, and the principal place of business is at Plo 43, Kawasan Perindustrian Bukit Pasir, Jalan Raja, Mukim Sungai Raya, 84300 Bukit Pasir, Muar, Johor Darul Takzim.

The Board has authorised the issuance of the financial statements on 17 March 2010.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

The Group and the Company have not adopted new FRSs, Amendments to FRSs and IC Interpretations that are effective for annual periods beginning after 01 January 2009 for the preparation of the financial statements. These are disclosed in note 3.1.

The financial statements of the Group and of the Company are prepared under the historical cost convention except for the revaluation of certain properties.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**3. SIGNIFICANT ACCOUNTING POLICIES**

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

a) Subsidiary companies

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

b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared as the same reporting date of the Company.

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

The purchase method of accounting is used to account for the acquisition of subsidiary companies except for financial statements of certain subsidiary companies which are consolidated using the merger method of accounting in accordance with Malaysian Accounting Standard No. 2 Accounting for Acquisitions and Merger prevailing at that time, as disclosed in note 7. The Group has adopted the transition provision as allowed by MASB 21 - Business Combination and chosen to apply the standard prospectively and accordingly, Business Combination entered into prior to 01 July 2001 has not been restated.

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

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

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

Under the merger method of accounting, the results of the subsidiary companies are presented as if the merger had been effected throughout the current and previous financial years. On consolidation, the difference between the carrying values of the investment over the nominal value of the shares acquired is taken to merger reserve.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**3. SIGNIFICANT ACCOUNTING POLICIES** - continued**c) Investments in subsidiary companies**

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

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

d) Goodwill

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

e) Property, plant and equipment

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

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

Certain land and buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in income statement, in which case the increase is recognised in income statement to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in income statement. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained profit.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued
3. SIGNIFICANT ACCOUNTING POLICIES - continued**f) Depreciation**

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

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

The annual rates in use are as follows:

Short leasehold factory buildings	2%
Plant, machinery and equipment	10% - 20%
Labour line, store, renovation and electrical installation	10% - 20%
Motor vehicles	20%
Other assets	5% - 20%

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

g) Impairment of non-financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**3. SIGNIFICANT ACCOUNTING POLICIES** - continued**g) Impairment of non-financial assets** - continued

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

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

h) Inventories

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

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

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

i) Receivables

Receivables are carried at anticipated realisable value.

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

j) 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**3. SIGNIFICANT ACCOUNTING POLICIES** - continued**k) Lease****i) Finance leases**

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

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

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

ii) Operating leases

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

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

The prepaid lease payments are amortised evenly over the respective lease term of the land which ranges from 54 to 60 years. Operating lease payments are recognised as an expense in the income statement.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**3. SIGNIFICANT ACCOUNTING POLICIES - continued****l) Provisions**

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

m) Income taxes

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

Deferred tax is provided for using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary 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 financial period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the financial period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

n) Interest bearing borrowings

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**3. SIGNIFICANT ACCOUNTING POLICIES - continued****o) Currency translations****i) Functional and presentation currency**

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

ii) Foreign currency transactions

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

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

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

p) Employee benefits**i) Short term benefits**

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**3. SIGNIFICANT ACCOUNTING POLICIES - continued****p) Employee benefits - continued****ii) Post-employment benefits**

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

iii) Share-based compensation

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

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

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

iv) Termination benefits

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**3. SIGNIFICANT ACCOUNTING POLICIES** - continued**q) Revenue recognition**

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

i) Sale of goods

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

ii) Rental income

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

iii) Interest income

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

iv) Dividend income

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

r) Financial instruments

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

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

Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**3. SIGNIFICANT ACCOUNTING POLICIES - continued****s) Equity instruments**

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

t) Short term investments

Investments in trust funds are stated at lower of cost and market value. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in income statement.

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

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

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

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

v) Contingent liabilities

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**3. SIGNIFICANT ACCOUNTING POLICIES** - continued**w) Cash flow statements**

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

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

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

The Malaysian Accounting Standards Board ('MASB') has issued the following FRSs, Amendments to FRSs and IC Interpretations that are effective for annual periods beginning after 01 January 2009 and that have not been applied in preparing these financial statements:

- (a) FRSs, Amendments to FRSs and IC Interpretations that are not yet effective and have not been early adopted by the Group and the Company:

	For financial period beginning on or after
FRS 3 Business Combinations	01 July 2010
FRS 7 Financial Instruments : Disclosures	01 January 2010
FRS 8 Operating Segments	01 July 2009
FRS 101 Presentation of Financial Statements (as revised in 2009)	01 January 2010
FRS 123 Borrowing Costs	01 January 2010
FRS 127 Consolidated and Separate Financial Statements	01 July 2010
FRS 139 Financial Instruments: Recognition and Measurement	01 January 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	01 January 2010
Amendments to FRS 138 Intangible Assets	01 July 2010
Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives	01 January 2010
IC Interpretation 10 : Interim Financial Reporting and Impairment	01 January 2010
IC Interpretation 17 : Distribution of Non-cash Assets to Owners	01 July 2010

The adoption of abovementioned FRSs, amendments to FRSs and IC Interpretations is expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except possibly for FRS 139 which is exempted from disclosure and changes in disclosure arising from adoption of FRS 7, FRS 101 and FRS 107.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued
3.1 FRSs, AMENDMENTS TO FRSs AND ISSUES COMMITTEE ('IC') INTERPRETATIONS ISSUED BUT NOT ADOPTED - continued

The MASB has issued the following FRSs, Amendments to FRSs and IC Interpretations that are effective for annual periods beginning after 01 January 2009 and that have not been applied in preparing these financial statements: - continued

- (b) Improvements to FRSs (2009) announced on 15 September 2009 that are not yet effective and have not been early adopted by the Group and the Company:

	For financial period beginning on or after
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	01 July 2010
Amendment to FRS 8 Operating Segments	01 January 2010
Amendment to FRS 107 Statement of Cash Flows	01 January 2010
Amendment to FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	01 January 2010
Amendment to FRS 110 Events after the Reporting Period	01 January 2010
Amendment to FRS 116 Property, Plant and Equipment	01 January 2010
Amendment to FRS 117 Leases	01 January 2010
Amendment to FRS 118 Revenue	01 January 2010
Amendment to FRS 119 Employee Benefits	01 January 2010
Amendment to FRS 123 Borrowing Costs	01 January 2010
Amendment to FRS 127 Consolidated and Separate Financial Statements	01 January 2010
Amendments to FRS 132 Financial Instruments : Presentation	01 January 2010
Amendment to FRS 134 Interim Financial Reporting	01 January 2010
Amendment to FRS 136 Impairment of Assets	01 January 2010
Amendment to FRS 138 Intangible Assets	01 January 2010
Amendment to FRS 139 Financial Instruments: Recognition and Measurement	01 January 2010

The adoption of abovementioned amendments to FRSs is expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued

3.1 FRSs, AMENDMENTS TO FRSs AND ISSUES COMMITTEE ('IC') INTERPRETATIONS ISSUED BUT NOT ADOPTED - continued

The MASB has issued the following FRSs, Amendments to FRSs and IC Interpretations that are effective for annual periods beginning after 01 January 2009 and that have not been applied in preparing these financial statements: - continued

- (c) FRSs, Amendments to FRSs and IC Interpretation that are not yet effective and not relevant to the Group and the Company:

	For financial period beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	01 July 2010
FRS 4 Insurance Contracts	01 January 2010
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	01 January 2010
Amendments to FRS 2 Share-based Payment-Vesting Conditions and Cancellations	01 January 2010
IC Interpretation 9 : Reassessment of Embedded Derivatives	01 January 2010
IC Interpretation 11 : FRS 2-Group and Treasury Share Transactions	01 January 2010
IC Interpretation 12 : Service Concession Arrangements	01 July 2010
IC Interpretation 13 : Customer Loyalty Programmes	01 January 2010
IC Interpretation 14 : FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	01 January 2010
IC Interpretation 15 : Agreements for the Construction of Real Estate	01 July 2010
IC Interpretation 16 : Hedges of a Net Investment in a Foreign Operation	01 July 2010
<i>Improvements to FRSs</i>	
Amendments to FRS 2 Share-based Payment	01 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	01 July 2010
Amendments to IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	01 July 2010

- (d) Improvements to FRSs (2009) announced on 15 September 2009 that are not yet effective and not relevant to the Group and the Company:

Amendment to FRS 120 Accounting for Government Grants and Disclosure of Government Assistance	01 January 2010
Amendment to FRS 128 Investments in Associates	01 January 2010
Amendment to FRS 129 Financial Reporting in Hyperinflationary Economies	01 January 2010
Amendment to FRS 131 Interests in Joint Ventures	01 January 2010
Amendment to FRS 140 Investment Property	01 January 2010

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS****a) Critical judgements made in applying accounting policies**

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

As disclosed in note 35(a), the Group, through its subsidiary companies, has entered into Joint Venture Agreement ('JVA') and Sub-Development Agreement ('SDA') for the right to use of approximately 3,473 hectares permanent reserve forest estates in the State of Johor Darul Takzim for planting and/or cultivation of rubber wood trees. As at 31 December 2009, included in deposits and prepayments, as disclosed in note 10(c), are payments of RM4,547,876 (2008 - RM3,990,271) relating to the plantation development.

As at the date of this report, the effective date of the SDA has not been determined pending taking vacant possession of the site and awaiting approvals from the relevant authorities to carry out the planting and/or cultivation of rubber wood trees. In light of the effective date of the SDA has not been determined, management was required to consider whether deposits and prepayments amounting to RM4,547,876 on the transaction are required to be charged to the income statement.

The Directors are of the view that the transaction will be completed and only required to be charged to income statement when the transaction is unable to be completed.

b) Key sources of estimation uncertainty

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

(i) Depreciation of property, plant and equipment

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

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

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

(ii) Income taxes

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS** - continued**b) Key sources of estimation uncertainty** – continued

(iii) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value in use evaluation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill as at 31 December 2009 is Nil (2008 - RM178,654) and impairment loss of RM178,654 (2008 - Nil) has been recognised in the income statement during the financial year as disclosed in note 23(a). The goodwill is allocated to the Group's CGU identified as furniture manufacturing business of a subsidiary company, Favourite Design Sdn. Bhd., where a fire incident had occurred as disclosed in note 35(d). As the recoverable amount of the goodwill's carrying amount is more than the CGU based on the results of the impairment test, impairment loss has been recognised during the financial year. Key assumptions for the value in use calculation are those regarding the discount rates, growth rates and expected changes to selling prices and direct cost during the financial period.

Management estimates discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the CGU. The growth rates are based on past experience and management's forecasts. Changes in selling price and direct costs are based on past practices and expectation of future changes in the market.

The Group prepared cash flow forecasts derived from the most recent financial budgets approved by the Directors for the next five (5) years based on estimated growth rates as follows:

Year 2010	-3%
Year 2011 to 2014	5%

The rate used to discount the forecast is 8% (2008 - 10%).

Management believes that there is no reasonably possible change in any of the above key assumptions.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS - continued****b) Key sources of estimation uncertainty – continued****(iv) Allowance for doubtful debts**

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

The carrying amount of the Group's receivables as at 31 December 2009 was RM28,920,407 (2008 - RM20,797,835).

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

(v) Inventories obsolescence and inventories write down

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

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

The carrying amount of the Group's inventories as at 31 December 2009 was RM31,420,490 (2008 - RM36,705,192).

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**5. PROPERTY, PLANT AND EQUIPMENT**

Group	Land and buildings*	Plant, machinery and equipment	Motor vehicles	Other assets#	Total
	RM	RM	RM	RM	RM
At 31 December 2009					
Cost / Valuation					
At 01 January 2009	32,863,509	29,987,244	3,839,447	3,314,127	70,004,327
Additions	3,388,702	2,457,539	604,595	387,410	6,838,246
Disposals	-	(1,884,561)	(315,613)	-	(2,200,174)
Write-offs	(5,060,725)	(3,419,583)	-	(135,199)	(8,615,507)
Revaluation surplus	1,871,195	-	-	-	1,871,195
At 31 December 2009	33,062,681	27,140,639	4,128,429	3,566,338	67,898,087
Accumulated depreciation					
At 01 January 2009	6,523,707	23,172,725	3,103,603	2,760,815	35,560,850
Depreciation charge for the financial year	807,334	1,765,527	288,183	120,786	2,981,830
Disposals	-	(1,409,181)	(315,613)	-	(1,724,794)
Write-offs	(639,537)	(1,615,025)	-	(72,329)	(2,326,891)
At 31 December 2009	6,691,504	21,914,046	3,076,173	2,809,272	34,490,995
Net carrying amount					
At 31 December 2009	26,371,177	5,226,593	1,052,256	757,066	33,407,092
Net carrying amount					
At cost	3,564,565	5,226,593	1,052,256	757,066	10,600,480
At valuation	22,806,612	-	-	-	22,806,612
At 31 December 2009	26,371,177	5,226,593	1,052,256	757,066	33,407,092

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued
5. PROPERTY, PLANT AND EQUIPMENT - continued

Group	<u>Land and buildings*</u> RM	<u>Plant, machinery and equipment</u> RM	<u>Motor vehicles</u> RM	<u>Other assets#</u> RM	<u>Total</u> RM
At 31 December 2008					
Cost / Valuation					
At 01 January 2008	32,416,312	28,636,305	3,755,813	3,195,823	68,004,253
Additions	447,197	1,940,790	394,472	126,364	2,908,823
Disposals	-	(589,851)	(310,838)	-	(900,689)
Write-offs	-	-	-	(8,060)	(8,060)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2008	32,863,509	29,987,244	3,839,447	3,314,127	70,004,327
Accumulated depreciation					
At 01 January 2008	5,760,403	20,815,798	3,043,766	2,661,444	32,281,411
Depreciation charge for the financial year	763,304	2,862,134	314,273	107,431	4,047,142
Disposals	-	(505,207)	(254,436)	-	(759,643)
Write-offs	-	-	-	(8,060)	(8,060)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2008	6,523,707	23,172,725	3,103,603	2,760,815	35,560,850
Net carrying amount					
At 31 December 2008	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	26,339,802	6,814,519	735,844	553,312	34,443,477
Net carrying amount					
At cost	3,171,835	6,814,519	735,844	553,312	11,275,510
At valuation	23,167,967	-	-	-	23,167,967
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2008	26,339,802	6,814,519	735,844	553,312	34,443,477

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued

5. PROPERTY, PLANT AND EQUIPMENT - continued

Group
***Land and buildings**

	<u>Freehold land</u> RM	<u>Short leasehold factory building</u> RM	<u>Freehold factory building</u> RM	<u>Labour line, store, renovation and electrical installation</u> RM	<u>Total</u> RM
At 31 December 2009					
Cost / Valuation					
At 01 January 2009	1,990,000	25,646,403	3,979,356	1,247,750	32,863,509
Additions	184,315	2,846,041	-	358,346	3,388,702
Write-offs	-	(4,997,551)	-	(63,174)	(5,060,725)
Revaluation surplus	195,000	1,428,198	247,997	-	1,871,195
At 31 December 2009	<u>2,369,315</u>	<u>24,923,091</u>	<u>4,227,353</u>	<u>1,542,922</u>	<u>33,062,681</u>
Accumulated depreciation and impairment loss					
At 01 January 2009	-	4,973,710	852,354	697,643	6,523,707
Depreciation charge for the financial year	-	547,311	80,826	179,197	807,334
Write-offs	-	(582,524)	-	(57,013)	(639,537)
At 31 December 2009	<u>-</u>	<u>4,938,497</u>	<u>933,180</u>	<u>819,827</u>	<u>6,691,504</u>
Net carrying amount					
At 31 December 2009	<u>2,369,315</u>	<u>19,984,594</u>	<u>3,294,173</u>	<u>723,095</u>	<u>26,371,177</u>
Net carrying amount					
At cost	184,315	2,657,155	-	723,095	3,564,565
At valuation	<u>2,185,000</u>	<u>17,327,439</u>	<u>3,294,173</u>	<u>-</u>	<u>22,806,612</u>
At 31 December 2009	<u>2,369,315</u>	<u>19,984,594</u>	<u>3,294,173</u>	<u>723,095</u>	<u>26,371,177</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued5. **PROPERTY, PLANT AND EQUIPMENT - continued****Group*****Land and buildings****At 31 December 2008****Cost / Valuation**

At 01 January 2008

Additions

At 31 December 2008

Accumulated depreciation and impairment loss

At 01 January 2008

Depreciation charge for the financial year

At 31 December 2008

Net carrying amount

At 31 December 2008

Net carrying amount

At cost

At valuation

	<u>Freehold land</u> RM	<u>Short leasehold factory building</u> RM	<u>Freehold factory building</u> RM	<u>Labour line, store, renovation and electrical installation</u> RM	<u>Total</u> RM
At 01 January 2008	1,990,000	25,646,403	3,979,356	800,553	32,416,312
Additions	-	-	-	447,197	447,197
At 31 December 2008	1,990,000	25,646,403	3,979,356	1,247,750	32,863,509
At 01 January 2008	-	4,428,901	772,767	558,735	5,760,403
Depreciation charge for the financial year	-	544,809	79,587	138,908	763,304
At 31 December 2008	-	4,973,710	852,354	697,643	6,523,707
At 31 December 2008	1,990,000	20,672,693	3,127,002	550,107	26,339,802
At cost	-	2,621,728	-	550,107	3,171,835
At valuation	1,990,000	18,050,965	3,127,002	-	23,167,967
	1,990,000	20,672,693	3,127,002	550,107	26,339,802

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued
5. PROPERTY, PLANT AND EQUIPMENT - continued

	2009	2008
	RM	RM
Company		
Motor vehicles		
Cost		
At beginning and end of the financial year	<u>451,867</u>	<u>451,867</u>
Accumulated depreciation		
At beginning and end of the financial year	<u>451,867</u>	<u>451,867</u>
Net carrying amount		
At 31 December	<u>-</u>	<u>-</u>
a) The carrying amount of property, plant and equipment acquired by hire purchase plans:		
	2009	Group
	RM	2008
		RM
Motor vehicles	<u>190,738</u>	<u>298,166</u>
b) The carrying amount of property, plant and equipment pledged as securities for banking facilities as disclosed in note 17(a)(i):		
	2009	Group
	RM	2008
		RM
Buildings	<u>23,278,767</u>	21,346,674
Freehold land	<u>2,185,000</u>	<u>1,990,000</u>
	<u>25,463,767</u>	<u>23,336,674</u>
c) The carrying amount of motor vehicles registered in the name of third parties		
	<u>13,493</u>	<u>20,853</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**5. PROPERTY, PLANT AND EQUIPMENT** - continued

- d) The carrying amount of the revalued land and buildings that would have been included in the financial statements stated at cost less accumulated depreciation:

	2009	Group	2008
	RM		RM
Buildings	14,122,273		14,267,232
Freehold land	1,693,574		1,693,574
	<u>15,815,847</u>		<u>15,960,806</u>

The land and buildings of the Group stated at valuation were revalued on 12 June 2009 by an independent professional valuer, Mr. Lee Thiam Sing of Colliers Jordan Lee & Jaafar (M'CCA) Sdn. Bhd.. Fair value is determined by reference to open market value on comparison.

6. PREPAID LEASE PAYMENTS

Group	Leasehold land		
	Unexpired lease period less than 50 years		
	<u>At valuation</u>	<u>At cost</u>	<u>Total</u>
	RM	RM	RM
At 31 December 2009			
At 01 January 2009	11,268,895	1,342,717	12,611,612
Additions	-	1,878,453	1,878,453
At 31 December 2009	<u>11,268,895</u>	<u>3,221,170</u>	<u>14,490,065</u>
Accumulated amortisation			
At 01 January 2009	1,686,369	138,511	1,824,880
Amortisation for the financial year	200,964	31,597	232,561
At 31 December 2009	<u>1,887,333</u>	<u>170,108</u>	<u>2,057,441</u>
Net carrying amount			
At 31 December 2009	<u>9,381,562</u>	<u>3,051,062</u>	<u>12,432,624</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**6. PREPAID LEASE PAYMENTS - continued**

Group	Leasehold land Unexpired lease period less than 50 years		<u>Total</u> RM
	<u>At valuation</u> RM	<u>At cost</u> RM	
At 31 December 2008			
At beginning and end of the financial year	11,268,895	1,342,717	12,611,612
Accumulated amortisation			
At 01 January 2008	1,483,746	112,689	1,596,435
Amortisation for the financial year	202,623	25,822	228,445
At 31 December 2008	1,686,369	138,511	1,824,880
Net carrying amount			
At 31 December 2008	9,582,526	1,204,206	10,786,732

- a) The carrying amount of leasehold land pledged as security for banking facilities as disclosed in note 17(a)(i):

	Group
	2009 RM
	2008 RM
Leasehold land	11,255,656
	9,584,085

- b)
- | | Group |
|--|-------------------|
| | 2009
RM |
| | 2008
RM |
| The carrying amount of the revalued leasehold land that would have been included in the financial statements stated at cost less accumulated amortisation: | 2,792,736 |
| | 2,852,267 |

The leasehold land of certain subsidiary companies stated at valuation were revalued on 30 December 2004 by an independent professional valuer, Mr. Lee Thiam Sing of Colliers Jordan Lee & Jaafar (M'CCA) Sdn. Bhd.. The subsidiary companies have retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provisions in FRS 117.67A.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**7. INVESTMENT IN SUBSIDIARY COMPANIES**

	Company	
	2009	2008
	RM	RM
At cost		
Unquoted shares		
At 01 January	29,101,054	28,656,154
Subscription of shares in existing subsidiary company	-	444,900
At 31 December	29,101,054	29,101,054
Accumulated impairment losses		
At beginning and end of the financial year	529,554	529,554
Net carrying amount	28,571,500	28,571,500

The subsidiary companies, all incorporated in Malaysia and audited by John Lim & Associates, are as follows:

<u>Name of subsidiary companies</u>	<u>Proportion of ownership interest</u>		<u>Principal activities</u>
	2009 (%)	2008 (%)	
Lii Hen Furniture Sdn. Bhd.* ('LHF')	100	100	Investment holding and manufacturing of furniture
Kejora Juara Sdn. Bhd. ('KJSB')	100	100	Letting of factory building
Affirm Marketing Sdn. Bhd. ('AFMSB')	100	100	Dormant
Favourite Design Sdn. Bhd. ('FDSB')	100	100	Manufacturing of furniture
Lii Hen Plantation Sdn. Bhd. ('LHPSB')	90	90	Investment holding
Subsidiary companies of Lii Hen Furniture Sdn. Bhd.			
CT Haup Heng Sdn. Bhd.* ('CTHH')	100	100	Manufacturing of furniture
EF Furniture Sdn. Bhd.*	100	100	Manufacturing of office and residential furniture
Mayteck Kilang Kayu Dan Perabut Sdn. Bhd.*	100	100	Manufacturing of furniture components, processing and kiln drying of rubber wood and timber
Subsidiary company of Lii Hen Plantation Sdn. Bhd.			
PPL Plantations Sdn. Bhd. ('PPLPSB')	80	-	Planting, cultivating, milling and dealing in agriculture and forest products

* Consolidated under merger method of accounting

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued
8. INTANGIBLE ASSET

	2009	Group
	RM	2008
		RM
At cost		
Goodwill on consolidation		
At 01 January	178,654	178,654
Less:		
Impairment loss	<u>(178,654)</u>	<u>-</u>
At 31 December	<u>-</u>	<u>178,654</u>

For the purpose of impairment testing, goodwill is allocated to the Group's CGU identified as furniture manufacturing business of a subsidiary company, FDSB, where a fire incident had occurred as disclosed in note 35(d). Details of key assumptions are disclosed in note 4(b)(iii).

9. INVENTORIES

	2009	Group
	RM	2008
		RM
At cost		
Finished goods	4,808,649	6,102,310
Work-in-progress	12,567,540	8,500,159
Raw materials	12,621,010	21,417,693
Consumables	638,717	279,961
	<u>30,635,916</u>	<u>36,300,123</u>
At net realisable value		
Finished goods	784,574	200,336
Raw materials	-	204,733
	<u>31,420,490</u>	<u>36,705,192</u>

During the financial year, the Group has written down its inventories by RM14,431 (2008 - RM64,037).

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued
10. RECEIVABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade receivables	15,336,515	15,083,196	-	-
Less:				
Allowance for doubtful debts				
- As at 01 January	343,409	-	-	-
- Additions	-	343,409	-	-
- No longer required	(343,409)	-	-	-
At 31 December	-	343,409	-	-
	15,336,515	14,739,787	-	-
Other receivables, deposits and prepayments	13,583,892	6,058,048	15,487	15,594
	28,920,407	20,797,835	15,487	15,594

- a) The normal credit terms of receivables ranging from 1 to 5 months (2008 - 1 to 4 months). Other credit terms are assessed and approved on a case-by-case basis.
- b) Included in other receivables are amounts of RM6,031,967 (2008 - Nil) representing net insurance claim receivables relating to the property, plant and equipment and inventories burnt by fire as disclosed in note 35(d).
- c) Included in deposits and prepayments are amounts of RM4,547,876 (2008 - RM3,990,271) paid in connection with the lease of right of use of approximately 3,473 hectares permanent reserve forest estates in the State of Johor Darul Takzim for planting and/or cultivation of rubber wood trees as disclosed in note 35(a). The payments are mainly consist of:
- i. Consultancy fee and allowance amounting to RM3,060,000 (2008 - RM3,060,000) paid to a shareholder of LHPSB; and
 - ii. Commitment fee of RM858,196 (2008 - RM858,196) paid to PIJ Holdings Sdn. Bhd. ('PIJHSB').
- d) The foreign currency exposures of trade receivables are:

	2009 RM	2008 RM
Euro Dollar	39,971	28,659
Singapore Dollar	46,821	56,393
United States Dollar	10,292,860	10,364,657

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**11. AMOUNTS DUE BY/(TO) SUBSIDIARY COMPANIES****Company**

The amounts due by/(to) subsidiary companies which arose from non-trade advances are interest free, unsecured and repayable on demand.

12. TAXATION

a) Movements in the taxation statements are:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At 01 January	(691)	(540,182)	(31,916)	(31,916)
Taxation charge for the financial year	4,062,989	703,474	-	-
Under/(over)provision in prior financial years	370,242	(686)	-	-
Income tax refund	150,000	368,724	-	-
Income tax paid	(3,216,841)	(532,021)	-	-
At 31 December	<u>1,365,699</u>	<u>(691)</u>	<u>(31,916)</u>	<u>(31,916)</u>
Disclosed as:				
Tax assets	(37,630)	(187,451)	(31,916)	(31,916)
Tax liabilities	<u>1,403,329</u>	<u>186,760</u>	<u>-</u>	<u>-</u>
	<u>1,365,699</u>	<u>(691)</u>	<u>(31,916)</u>	<u>(31,916)</u>

b) Income tax expenses comprise:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Taxation charge for the financial year	4,062,989	703,474	-	-
Under/(over)provision in prior financial years	370,242	(686)	-	-
Transfer to deferred taxation (note 19(a))				
- current financial year	761,915	43,878	-	-
- changes in effective income tax rate	-	179,726	-	-
- overprovision in prior financial years	(348,435)	(141,077)	-	-
	<u>413,480</u>	<u>82,527</u>	<u>-</u>	<u>-</u>
Income tax expenses for the financial year	<u>4,846,711</u>	<u>785,315</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**12. TAXATION - continued**

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit before taxation	21,032,820	6,246,818	3,381,817	2,990,875
Taxation at statutory tax rate of 25% (2008 - 26%)	5,258,205	1,624,173	845,454	777,628
Effect of tax incentive obtained for certain subsidiary companies at preferential tax rate of 20%	-	(87,318)	-	-
Tax effects of:				
- opening deferred tax resulting from a change in income tax rate	-	179,726	-	-
- income not subject to tax	(254,114)	(220,024)	(902,000)	(832,000)
- double deduction expenses	(62,994)	(18,941)	-	-
- non-allowable expenses	763,105	537,139	56,546	54,372
Reinvestment allowances incentive	-	(23,106)	-	-
Export allowances incentive	(72,822)	(787,862)	-	-
Pioneer status tax exempt income	(806,093)	(240,953)	-	-
Utilisation of deferred tax assets previously not recognised	-	(31,850)	-	-
Deferred tax assets not recognised	533	-	-	-
Deferred tax recognised at different tax rate	(916)	(3,906)	-	-
	4,824,904	927,078	-	-
(Over)/underprovision in prior financial years				
- deferred tax	(348,435)	(141,077)	-	-
- income tax	370,242	(686)	-	-
Income tax expenses for the financial year	4,846,711	785,315	-	-

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**12. TAXATION** - continued

d) The tax saving arising from the utilisation of previously unused capital allowances and tax losses for the Group amounted to approximately RM469,000 (2008 - RM787,900).

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

	2009	Group
	RM	2008
		RM
Export allowances	-	2,750,674
Reinvestment allowances	508,171	508,171
Unused capital allowances	934,509	869,497
Unused tax losses	98,944	1,797,056
	<u>1,541,624</u>	<u>5,925,398</u>

f) A subsidiary company has been granted Pioneer Status under the Promotion of Investments Act, 1986 for “wooden furniture and wooden furniture parts”. The Pioneer Status expired on 14 September 2009.

13. SHORT TERM INVESTMENTS

	2009	Group
	RM	2008
		RM
At cost		
Closed-end trust funds	<u>146,880</u>	<u>1,762,559</u>

The closed-end trust funds are readily convertible to known amounts of cash.

The market value of the trust funds is RM146,880 (2008 - RM1,762,559).

Other information on financial risks of short term investments is disclosed in note 33(c).

14. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits of the Group amounting to RM3,180,776 (2008 - RM1,174,314) are pledged against banking facilities granted to subsidiary companies as disclosed in note 17(a)(ii).

Other information on financial risks of fixed deposits is disclosed in note 33(c).

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued
15. SHARE CAPITAL

	2009 No. of shares	2008 No. of shares	2009 RM	2008 RM
Ordinary shares of RM1 each				
Authorised	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid	<u>60,000,000</u>	<u>60,000,000</u>	<u>60,000,000</u>	<u>60,000,000</u>

The Company has yet to grant options under the ESOS governed by the ESOS By-Laws that was approved by the shareholders of the Company at the Extraordinary General Meeting held on 07 February 2002. The ESOS is going to expire on 29 May 2012. Pursuant to the scheme, options to subscribe for ordinary shares of RM1 each are granted to eligible employees of the Group, including executive and non-executive Directors of any company in the Group.

The salient features of the ESOS are as follows:

- (a) Employees including executive Directors of any company in the Group who have been confirmed in their employment for one continuous year of service and who fall within any one of the categories set out in the By-Laws of the ESOS, are eligible to participate in the scheme.
- (b) The maximum number of ordinary shares of the Company which may be subscribed on the exercise of the total number of shares under the ESOS shall not be more than ten per centum (10%) of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS.
- (c) The option price for each new share under ESOS shall be subject to a discount of not more than ten per centum (10%) to the weighted average market price of the shares based on the Daily Official List issued by the Bursa Malaysia Securities Berhad for the five (5) market days preceding the date on which an offer is made and subject to the provision that the option price per share shall not in any event be less than the par value of the ordinary shares of the Company.
- (d) The option may be exercised in respect of all the ordinary shares or in respect of any part of the ordinary shares, such part being one thousand (1,000) ordinary shares or multiples of one thousand (1,000) ordinary shares, but being not less than one thousand (1,000) ordinary shares. Such partial exercising of the option shall not preclude the grantee from exercising the option as to the balance not yet exercised.
- (e) An option granted to a selected employee shall be capable of being exercised by notice date, in writing to the ESOS Committee commencing on the date of the offer to the expiry date, 29 May 2012.
- (f) In the event of any alteration in the capital structure of the Company except for certain exemptions, adjustments will be made to the subscription price and/or the number of shares in respect of options granted but not exercised, such that the option holder will be entitled to the same proportion of the issued and paid-up share capital of RM1 each in the Company as before the said alteration.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**15. SHARE CAPITAL** - continued

- (g) The shares shall on issue and allotment rank pari passu in all material respects with the then existing issued shares of the Company.
- (h) The number of share options to be offered to an eligible employee under the ESOS shall be determined at the absolute discretion of the ESOS Committee but shall in no event exceed the maximum allowable allotment:

Category of Eligible Employee	Maximum Allowable Allotment No. of shares
Executive Directors	400,000
Senior Managers	100,000
Managers / Senior Supervisors	35,000
Assistant Managers / Supervisors / Assistant Supervisors / Executives	25,000
Officers	10,000
Clerks	5,000
Operators	2,000

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

16. RESERVES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-distributable				
Share premium	1,432,852	1,432,852	1,432,852	1,432,852
Revaluation reserves	3,641,497	2,227,513	-	-
Distributable				
Retained profit	<u>37,249,931</u>	<u>26,123,318</u>	<u>1,692,632</u>	<u>3,410,815</u>
	<u>42,324,280</u>	<u>29,783,683</u>	<u>3,125,484</u>	<u>4,843,667</u>

Revaluation reserves

Revaluation reserves of the Group arose from the revaluation of landed properties.

The revaluation reserves are used to record increases in the fair value of landed properties and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

Company

The Finance Act 2007 introduced the single tier dividend system with effect from year of assessment 2008. Transitional provisions allow companies to stay on the existing imputation system up to 31 December 2013 should they have and continued to maintain positive Section 108 credit balances.

The Company has opted to move to a single tier dividend system and as a result, there are no longer any restrictions on the Company to frank the payment of dividends out of its entire retained profit as at balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued
17. BORROWINGS

	2009	Group
	RM	2008
		RM
Secured		
Current portion		
Bank overdrafts	337,306	894,947
Bankers' acceptances	1,064,387	12,153,290
Hire purchase payables (note 18)	81,084	98,018
Term loans	640,643	239,037
	<u>2,123,420</u>	<u>13,385,292</u>
Non-current portion		
Term loans	6,585,422	3,328,249
Hire purchase payables (note 18)	-	81,084
	<u>6,585,422</u>	<u>3,409,333</u>
Total borrowings	<u>8,708,842</u>	<u>16,794,625</u>

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

	2009	Group
	RM	2008
		RM
Between one to two years	671,567	257,009
Between two to five years	2,217,276	892,909
After five years	3,696,579	2,178,331
	<u>6,585,422</u>	<u>3,328,249</u>

- a) The bank borrowings are secured by:
- i) debenture incorporating fixed charge on landed properties of certain subsidiary companies as disclosed in note 5(b) and 6(a) and floating charges over all the other assets of certain subsidiary companies; and
 - ii) fixed deposits of certain subsidiary companies as disclosed in note 14.
- b) The term loans are repayable as follows:
- | | <u>No. of installments</u> | <u>Monthly repayment</u> |
|---------------|----------------------------|----------------------------------|
| Term loan I | 180 | RM23,391 commenced April 2005 |
| Term loan II | 143 | RM18,756 commenced May 2004 |
| Term loan III | 120 | RM40,214 commenced November 2009 |
- c) Other information on financial risks of borrowings is disclosed in note 33(c).

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**18. HIRE PURCHASE PAYABLES**

	2009	Group
	RM	2008
		RM
Due within one year	82,725	104,232
Future finance charges	(1,641)	(6,214)
	81,084	98,018
Due after one year	-	82,725
Future finance charges	-	(1,641)
	-	81,084
Future minimum lease payments		
Not later than one year	82,725	104,232
Later than one year and not later than two years	-	82,725
Total future minimum lease payments	82,725	186,957
Future finance charges	(1,641)	(7,855)
	81,084	179,102
Analysis of present value of finance lease liabilities:		
Not later than one year	81,084	98,018
Later than one year and not later than two years	-	81,084
	81,084	179,102
Amount due within twelve months (note 17)	(81,084)	(98,018)
Amount due after twelve months (note 17)	-	81,084

Other information on financial risks on hire purchase payables is disclosed in note 33(c).

19. DEFERRED TAXATION

a) Movements in deferred taxation are:	2009	Group
	RM	2008
		RM
At 01 January	1,417,076	1,334,549
Recognised in equity	419,049	-
Recognised in the income statement (note 12 (b))	413,480	82,527
At 31 December	2,249,605	1,417,076

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued
19. DEFERRED TAXATION - continued

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

2009	Balance at 01 January 2009 RM	Recognised in equity RM	Recognised in the income statement RM	Balance at 31 December 2009 RM
Deferred tax assets				
Allowance for doubtful debts	(42,249)	-	42,249	-
Export allowance	(687,669)	-	687,669	-
Reinvestment allowance	(127,043)	-	-	(127,043)
Unused capital allowances	(217,374)	-	(16,082)	(233,456)
Unused tax losses	(447,454)	-	424,992	(22,462)
	<u>(1,521,789)</u>	-	1,138,828	<u>(382,961)</u>
Deferred tax liabilities				
Excess of property, plant and equipment's net carrying amount over their tax written down value	2,356,360	-	(664,769)	1,691,591
Revaluation reserve	582,505	419,049	(60,579)	940,975
	<u>2,938,865</u>	419,049	<u>(725,348)</u>	<u>2,632,566</u>
Deferred tax liabilities - net	<u>1,417,076</u>	419,049	413,480	<u>2,249,605</u>
2008		Balance at 01 January 2008 RM	Recognised in the income statement RM	Balance at 31 December 2008 RM
Deferred tax assets				
Allowance for doubtful debts		-	(42,249)	(42,249)
Export allowance		-	(687,669)	(687,669)
Reinvestment allowance		(119,408)	(7,635)	(127,043)
Unused capital allowances		(565,362)	347,988	(217,374)
Unused tax losses		(372,161)	(75,293)	(447,454)
		<u>(1,056,931)</u>	<u>(464,858)</u>	<u>(1,521,789)</u>
Deferred tax liabilities				
Excess of property, plant and equipment's net carrying amount over their tax written down value		1,899,327	457,033	2,356,360
Revaluation reserves		492,153	90,352	582,505
		<u>2,391,480</u>	<u>547,385</u>	<u>2,938,865</u>
Deferred tax liabilities - net		<u>1,334,549</u>	<u>82,527</u>	<u>1,417,076</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued
19. DEFERRED TAXATION - continued

- c) The amounts of unused capital allowances and tax losses of which no deferred tax asset has been recognised in the financial statements are as follows:

	Group	
	2009	2008
	RM	RM
Excess of property, plant and equipment's net carrying amount over their tax written down value	1,534	1,408
Tax effect of unused capital allowances	(171)	-
Tax effect of unused tax losses	(2,298)	(1,810)
	<u>(935)</u>	<u>(402)</u>

The above deferred tax asset for a subsidiary company has not been recognised in the financial statements as there is uncertainty that future taxable profit will be available against which the unused capital allowances and tax losses can be utilised.

20. PAYABLES

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Trade payables	14,832,659	9,840,451	-	-
Other payables				
Sundry payables	1,158,949	902,991	-	-
Payroll liabilities	4,117,222	1,345,206	-	-
Deposits received and accruals	536,015	455,710	13,289	14,068
	<u>5,812,186</u>	<u>2,703,907</u>	<u>13,289</u>	<u>14,068</u>
	<u>20,644,845</u>	<u>12,544,358</u>	<u>13,289</u>	<u>14,068</u>

- a) The normal credit terms of payables ranging from 30 to 120 days. Other credit terms are as negotiated on a case-by-case basis.
- b) The foreign currency exposures of payables are:

	Group	
	2009	2008
	RM	RM
Trade payables		
United States Dollar	532,152	374,439
Other payables		
Singapore Dollar	-	770

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**21. REVENUE**

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Sale of goods	218,850,482	173,180,218	-	-
Dividend income	-	-	3,608,000	3,200,000
	<u>218,850,482</u>	<u>173,180,218</u>	<u>3,608,000</u>	<u>3,200,000</u>

Revenue of the Group represents the invoiced value of furniture manufactured, wood processing and wood works, less discounts, returns and sales tax.

Revenue of the Company represents dividend income from subsidiary companies.

22. OTHER INCOME

Other income comprises the followings:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Allowance for doubtful debts no longer required	343,409	-	-	-
Bad debts recovered	74,773	1,883	-	-
Foreign exchange gain				
- realised	5,141,981	2,872,436	-	-
- unrealised	-	804,488	-	-
Gain on disposal of property, plant and equipment	177,820	103,916	-	-
Insurance claims				
- due to fire incident (note 35(d))	6,121,967	-	-	-
- others	69,501	2,220	-	-
Letting of machinery	-	16,620	-	-
Interest income	252,156	127,075	2,033	1,085
Rental income	6,146	22	-	-
Sundry revenue	87,058	404,751	-	-
	<u>12,274,811</u>	<u>4,333,411</u>	<u>2,033</u>	<u>1,085</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**23. OPERATING PROFIT**

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

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Allowance for doubtful debts	-	343,409	-	-
Amortisation of prepaid lease payments	232,561	228,445	-	-
Auditors' remuneration:				
- other services	35,595	30,046	2,415	2,805
- statutory audit	96,500	87,200	12,000	12,000
Bad debts written off	288,327	73,721	-	-
Depreciation	2,981,830	4,047,142	-	-
Deposit forfeited	4,346	-	-	-
Foreign exchange loss				
- realised	199,908	12,117	-	-
- unrealised	46,238	-	-	-
Impairment loss on goodwill on consolidation	178,654	-	-	-
Inventories written off (note 35(d))	2,484,292	-	-	-
Preliminary expenses written off	4,556	4,600	-	-
Property, plant and equipment written off				
- due to fire incident (note 35(d))	5,894,849	-	-	-
- others	393,767	-	-	-
Rental of				
- factory	1,039,094	535,682	-	-
- hostel	109,976	116,856	-	-
- machinery	15,000	-	-	-
- store	66,950	62,500	-	-
- vehicles	-	3,000	-	-

b) Directors' emoluments

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
i) Directors of the Company				
Executive:				
Salaries and other emoluments	1,483,309	890,821	-	-
Defined contribution retirement plan	135,574	94,155	-	-
The estimated monetary value of benefit-in-kind	63,625	34,100	-	-
	1,682,508	1,019,076	-	-

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued
23. OPERATING PROFIT - continued

b) Directors' emoluments - continued

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
i) Directors of the Company - continued				
Non-executive:				
Salaries and other emoluments	78,000	72,000	78,000	72,000
Allowance	5,000	5,000	-	-
The estimated monetary value of benefit-in-kind	-	600	-	-
	<u>83,000</u>	<u>77,600</u>	<u>78,000</u>	<u>72,000</u>
ii) Directors of the subsidiary companies				
Executive:				
Salaries and other emoluments	1,608,158	779,848	-	-
Defined contribution retirement plan	119,961	72,732	-	-
The estimated monetary value of benefit-in-kind	40,400	28,800	-	-
	<u>1,768,519</u>	<u>881,380</u>	<u>-</u>	<u>-</u>
	<u>3,534,027</u>	<u>1,978,056</u>	<u>78,000</u>	<u>72,000</u>

iii) The number of Directors of the Company and its subsidiary companies whose total remuneration during the financial year fall within the following bands:

	Number of directors	
	2009	2008
Executive Directors of the Company		
- RM200,001 - RM250,000	-	2
- RM250,001 - RM300,000	-	1
- RM300,001 - RM350,000	2	1
- RM350,001 - RM400,000	1	-
- RM650,001 - RM700,000	1	-

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**23. OPERATING PROFIT - continued**

b) Directors' emoluments - continued

iii) The number of Directors of the Company and its subsidiary companies whose total remuneration during the financial year fall within the following bands: - continued

	Number of directors	
	2009	2008
Non-executive Directors of the Company		
- Below RM50,000	3	3
Executive Directors of the subsidiary companies		
- RM200,001 - RM250,000	-	1
- RM250,001 - RM300,000	-	1
- RM300,001 - RM350,000	1	-
- RM400,000 - RM450,000	-	1
- RM450,001 - RM500,000	1	-
- RM950,001 - RM1,000,000	1	-
	<u>1</u>	<u>-</u>

c) Additional information:

	Group	
	2009 RM	2008 RM
Packing materials	12,781,320	13,054,591
Raw materials consumed	122,025,088	96,142,848
Sub-contract charges	29,457,751	18,461,934
	<u>164,264,159</u>	<u>127,659,373</u>

24. FINANCE COST

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest on				
- bankers' acceptances	96,131	342,473	-	-
- bank overdrafts	29,534	147,425	-	-
- hire purchases	6,214	22,413	-	-
- term loans	251,432	283,486	-	-
	<u>383,311</u>	<u>795,797</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**25. ACQUISITION OF SUBSIDIARY COMPANY**

- a) On 17 August 2009, the Group, through its subsidiary company, LHPSB, has acquired PPLPSB for the purpose of carrying out the plantation development as disclosed in note 35(a).
- b) The subsidiary company, PPLPSB, was a dormant company at the date of acquisition and the cost of acquisition is RM2.
- c) The details of net assets acquired and cash flow arising from acquisition of the subsidiary company is as follows:

	2009 RM	Group 2008 RM
Cash in hand	<u>2</u>	<u>-</u>
Purchase consideration	<u>2</u>	<u>-</u>
Less:		
Cash and cash equivalents of subsidiary company acquired	<u>(2)</u>	<u>-</u>
Cash flow on acquisition of subsidiary company, net of cash acquired	<u>-</u>	<u>-</u>

There was no acquisition subsequent to 31 December 2009.

26. EARNINGS PER SHARE**Basic**

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

	2009 RM	2008 RM
Profit attributable to ordinary equity holders of the Company	<u>16,188,451</u>	<u>5,462,259</u>
	2009 Units	2008 Units
Number of ordinary shares in issue	<u>60,000,000</u>	<u>60,000,000</u>
	2009 Sen	2008 Sen
Basic earnings per share	<u>26.98</u>	<u>9.10</u>

Diluted

No diluted earnings per share is presented as there is no dilutive potential ordinary share as at financial year end.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**27. DIVIDENDS**

	Group and Company	
	2009	2008
	RM	RM
Paid		
In respect of the financial year ended 31 December 2007		
- a first and final of tax exempt dividend 1.5 sen per share	-	900,000
Paid		
In respect of the financial year ended 31 December 2008		
- first and final single tier dividend of 1.5 sen per share and special single tier dividend of 2.5 sen	2,400,000	-
Payable		
In respect of the financial year ended 31 December 2009		
- interim single tier dividend of 4.5 sen per share	<u>2,700,000</u>	-
	<u>5,100,000</u>	<u>900,000</u>

At the forthcoming Annual General Meeting, a final single tier dividend of 1.5 sen per share and special single tier dividend of 3.0 sen per share (2008 - first and final single tier dividend of 1.5 sen per share and special single tier dividend of 2.5 sen) amounting to RM2,700,000 (2008 - RM2,400,000) in respect of financial year ended 31 December 2009 are proposed for shareholders' approval. The financial statements for the current financial year do not reflect these proposed final and special dividends. If approved by shareholders, such dividends will be accounted for in shareholders' equity as an appropriation of retained profit in the next financial year ending 31 December 2010.

28. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash and bank balances	22,155,829	13,434,991	266,597	206,488
Fixed deposits with licensed banks	<u>6,516,075</u>	<u>1,304,541</u>	<u>-</u>	<u>-</u>
	28,671,904	14,739,532	266,597	206,488
Bank overdrafts	<u>(337,306)</u>	<u>(894,947)</u>	<u>-</u>	<u>-</u>
	<u>28,334,598</u>	<u>13,844,585</u>	<u>266,597</u>	<u>206,488</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**28. CASH AND CASH EQUIVALENTS** - continued

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

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Ringgit Malaysia	18,234,573	6,919,168	266,597	206,488
Singapore Dollar	247,877	162,672	-	-
United States Dollars	9,852,148	6,762,745	-	-
	<u>28,334,598</u>	<u>13,844,585</u>	<u>266,597</u>	<u>206,488</u>

29. SIGNIFICANT RELATED PARTY DISCLOSURES

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

a) Identity of related parties

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

- (i) Subsidiary companies of the Company as disclosed in note 7.
- (ii) A company in which Chua Lee Seng is a former Director
- EFE Expo Sdn. Bhd
- (iii) A company in which certain Directors have financial interest
- Domain Partners Sdn. Bhd., a company in which Messrs. Chua Lee Seng, Tan Bee Eng and Tok Heng Leong are the Directors and shareholders, and Chua Yong Haup is a shareholder.
- (iv) Key management personnel, other than Directors, are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.
- (v) Madam Tok Heng Hwa is the spouse of Mr. Chua Lee Seng and sister of Mr. Tok Heng Leong.
- (vi) Madam Soo Tee Heng is the sister-in-law of Mr. Chua Lee Seng.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued
29. SIGNIFICANT RELATED PARTY DISCLOSURES - continued

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

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Subsidiary companies				
Dividend income from				
- AFMSB	-	-	608,000	-
- FDSB	-	-	900,000	1,300,000
- LHF	-	-	2,100,000	1,900,000
Related parties				
Rental paid/payable to certain Directors and persons connected to Directors				
- Chua Lee Seng				
- Tok Heng Hwa				
- Tok Heng Leong				
- Soo Tee Heng	29,898	33,988	-	-
Booth rental paid/payable to EFE Expo Sdn. Bhd.	103,776	33,512	-	-
Rental paid/payable to Domain Partners Sdn. Bhd.	149,120	269,580	-	-

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**29. SIGNIFICANT RELATED PARTY DISCLOSURES** - continued

c) Compensation for key management personnel

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Remuneration paid/payable to key management personnel				
- Salaries and other emoluments	1,298,697	894,649	-	-
- Defined contribution retirement plan	165,726	87,883	-	-
- Other employee benefits	7,418	2,364	-	-
	<u>1,471,841</u>	<u>984,896</u>	<u>-</u>	<u>-</u>

d) Information regarding outstanding balances which are unsecured, arising from related party transactions as at 31 December 2009 is disclosed in note 11.

30. STAFF COSTS

The total staff costs, including Directors emoluments, recognised in the income statements were as follows:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Salaries and wages	21,865,809	17,039,756	78,000	72,000
Defined contribution retirement plan	1,010,668	770,970	-	-
Other employee benefits	365,402	327,336	-	-
	<u>23,241,879</u>	<u>18,138,062</u>	<u>78,000</u>	<u>72,000</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued
31. CONTINGENT LIABILITIES**UNSECURED****Company**

The Company has extended corporate guarantee to bankers for credit facilities to a limit of approximately RM57 million (2008 - RM57 million), as disclosed in note 34(b)(i), granted to certain subsidiary companies.

Accordingly, the Company is contingently liable to the extent of credit facilities utilised by the subsidiary companies amounting to approximately RM5.5 million (2008 - RM19.4 million) as of 31 December 2009.

32. SEGMENTAL REPORTING - GROUP**Segment information**

Revenue of the Group represents the invoiced value of furniture manufactured, wood processing and wood works, less discounts, returns and sales tax.

An analysis by geographical segment has been presented in respect of revenue only as the Group operates wholly in Malaysia.

Geographical segment

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

	2009	2008
	RM	RM
Africa	823,186	1,292,994
America	172,134,172	122,123,982
Asia	9,470,597	9,829,578
Australia	538,559	753,178
Europe	4,905,946	9,083,907
Malaysia	30,978,022	30,096,579
Total revenue	<u>218,850,482</u>	<u>173,180,218</u>

33. FINANCIAL RISK MANAGEMENT

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued
33. FINANCIAL RISK MANAGEMENT - continued**a) Foreign currency risk**

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

Foreign exchange exposure in transactional currencies other than functional currencies of the operating entities is kept to an acceptable level. The Group had entered into forward foreign exchange contracts to limit its exposure on foreign currency receivables.

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

	Currency	Maturity within next three months RM
As at 31 December 2009		
Forward contracts used to hedge sales	United States Dollar	<u>4,964,320</u>
As at 31 December 2008		
Forward contracts used to hedge sales	United States Dollar	<u>963,035</u>

The net unrecognised losses as at 31 December 2009 on forward currency contracts used to hedge anticipated sales which are expected to occur from January 2010 to March 2010 amounted to RM9,180 (2008 - net unrecognised gains RM79,715) and are deferred until the related sales are transacted, at which time they are included in the measurement of such transactions.

b) Credit risk

The Group manages credit risk by setting credit limits and ensuring that sales of goods are made to customers with appropriate review and assessment. Trade receivables are monitored on a regular and on-going basis for irregularities.

At balance sheet date, the Group is exposed to significant credit risk on trade debts relating to three (3) (2008 - 1) major customers, representing 42% (2008 - 24%) of its total trade receivables, as of 31 December 2009.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**33. FINANCIAL RISK MANAGEMENT** - continued**c) Interest rate risk**

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

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

	Note	WAEIR %	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM	Total RM
At 31 December 2009									
Fixed rate									
Short term investments	13	2.59%	146,880	-	-	-	-	-	146,880
Hire purchase payables	18	4.62%	81,084	-	-	-	-	-	81,084
Fixed deposits with licensed banks	14	2.00%	9,696,851	-	-	-	-	-	9,696,851
Floating rate									
Bank overdrafts	17	7.05%	337,306	-	-	-	-	-	337,306
Bankers' acceptances	17	2.70%	1,064,387	-	-	-	-	-	1,064,387
Term loans	17	6.84%	640,643	671,567	704,145	738,474	774,657	3,696,579	7,226,065

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**33. FINANCIAL RISK MANAGEMENT** - continued**c) Interest rate risk** - continued

	Note	WAEIR %	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM	Total RM
At 31 December 2008									
Fixed rate									
Short term investments	13	3.15%	1,762,559	-	-	-	-	-	1,762,559
Hire purchase payables	18	4.62%	98,018	81,084	-	-	-	-	179,102
Fixed deposits with licensed banks	14	3.05%	2,478,855	-	-	-	-	-	2,478,855
Floating rate									
Bank overdrafts	17	7.46%	894,947	-	-	-	-	-	894,947
Bankers' acceptances	17	4.49%	12,153,290	-	-	-	-	-	12,153,290
Term loans	17	7.58%	239,037	257,009	276,335	297,115	319,459	2,178,331	3,567,286

d) Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**34. FAIR VALUES****a) Recognised**

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

- i) The aggregate fair values of non-current financial liabilities carried on the balance sheet as at 31 December 2009 are presented in the following table:

	Carrying amount RM	Group		Carrying amount RM	Fair value RM
		2009	2008		
Non-current financial liabilities					
Hire purchase payables	-	-	81,084	79,059	
Term loans	<u>6,585,422</u>	<u>6,760,515</u>	<u>3,328,249</u>	<u>3,045,887</u>	

- ii) It is not practical to estimate the fair value of investment in subsidiary companies amounting to RM28,571,500 (2008 - RM28,571,500) due to the constraints of timeliness and cost involved. However, at balance sheet date, the net assets of subsidiary companies are RM68,976,561 (2008 - RM54,159,219).

b) Unrecognised

- i) As at 31 December 2009, the contingent liabilities not recognised in the balance sheet of the Company are as follows:

	Note	Company		
		Credit facilities limit RM	Amount utilised RM	Net fair value RM
Corporate guarantees	31	<u>56,923,000</u>	<u>5,536,419</u>	-

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

- ii) The fair value of forward foreign exchange contracts is determined using forward exchange market rate at the balance sheet date.

The fair value of forward exchange contracts of the Group as at 31 December 2009 is estimated at RM4,973,500 (2008 - RM1,042,750).

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued**35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

- a) On 06 February 2008, a subsidiary company, LHPSB, entered into a Memorandum of Agreement ('MOA') with Perbadanan Islam Johor and Perisind Holdings Sdn. Bhd. ('PHSB') for the lease of the right to use of approximately 3,473 hectares permanent reserve forest estates in the state of Johor Darul Takzim for planting and/or cultivation of rubber wood trees. The MOA was terminated on 20 July 2009.

On 22 July 2009, LHPSB entered into a JVA with PIJHSB (formerly known as PHSB) to develop the approximately 3,473 hectares permanent reserve forest estates in the state of Johor Darul Takzim for planting and/or cultivation of rubber wood trees. On 17 August 2009, LHPSB acquired a subsidiary company, PPLPSB, for the purpose of carrying out the plantation development.

On 19 August 2009, the issue and paid up capital of PPLPSB was increased from RM2 to RM500,000 and subscribed by LHPSB and PIJHSB in accordance with the JVA. As a result, the effective interest of LHPSB and PIJHSB is 80% and 20% respectively.

On 08 September 2009, PPLPSB entered into a SDA with PIJHSB for the plantation development.

As at the date of this report, PPLPSB has not taken vacant possession of the said area and is awaiting approvals from the relevant authorities to carry out the planting and/or cultivation of rubber wood trees.

- b) On 04 May 2009, a subsidiary company, FDSB, entered into a Sale and Purchase Agreement with a third party to acquire two pieces of land together with two factory buildings held under Lot PTD 1471 and Lot PTD 1472, situated in Sungai Raya, Muar, Johor, for a total purchase consideration of RM4,800,000. The transaction was completed during the financial year.
- c) On 25 August 2009, a subsidiary company, CTHH, entered into a Sale and Purchase Agreement with a third party to purchase a piece of vacant agricultural land held under Lot 1880, situated in Sungai Raya, Muar, Johor, for a purchase consideration of RM178,000. The transaction was completed during the financial year.
- d) On 28 October 2009, a fire incident occurred at FDSB's premises. As a result, property, plant and equipment and inventories amounting to RM5,894,849 and RM2,484,292 respectively were written off during the financial year as disclosed in note 23(a).

Insurance claims amounting to RM6,121,967 were recognised in the income statement of the Group during the financial year as disclosed in note 22.

- e) On 28 December 2009, a subsidiary company, KJSB, entered into a Sale and Purchase Agreement to acquire three pieces of land together with workers' quarters and a building held under Lot 527, Lot 1828 and Lot 1830, situated in Sungai Raya, Muar, Johor, for a total consideration of RM2.2 million. As at the date of this report, the transaction has not been completed.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2009 – continued
36. COMMITMENTS

	Group	
	2009 RM	2008 RM
a) Approved and contracted for		
Acquisition of land and buildings by KJSB, net of deposit amounting to RM220,000, as disclosed in note 35(e)	<u>1,980,000</u>	<u>-</u>

b) Operating lease

As at the end of financial year, there is long-term lease commitments pertaining to PPLPSB in respect of the right to use of the permanent reserve forest estates arising from SDA as disclosed in note 35(a). PPLPSB has to pay annual use permit fee as follows:

	Group	
	2009 RM	2008 RM
First three years from the date of delivery of vacant possession of the land or the date of commencement of the development of the land whichever is later	-	-
Next fourth to seventh years	86,825	-
Next eight to 20th years	173,650	-
Next 21 to 30 years	<u>347,300</u>	<u>-</u>
	<u>607,775</u>	<u>-</u>