

## 6. INVESTMENT IN SUBSIDIARIES

|  | COMPANY           |                   |
|--|-------------------|-------------------|
|  | 2009<br>RM        | 2008<br>RM        |
| Unquoted shares, at cost               | 38,499,906        | 39,170,469        |
| Less : Impairment losses               |                   |                   |
| Balance at beginning                   | 8,993,700         | 9,793,700         |
| Disposal of investment in a subsidiary | -                 | (800,000)         |
| Balance at end                         | (8,993,700)       | (8,993,700)       |
|  | <b>29,506,206</b> | <b>30,176,769</b> |

Details of the subsidiaries are as follows :

| Name of Company                                 | Place of Incorporation     | Effective Equity Interest |           | Principal Activities   |
|---|----------------------------|---------------------------|-----------|--|
|   |                            | 2009<br>%                 | 2008<br>% |  |
| Ire-Tex (Malaysia) Sdn. Bhd.                    | Malaysia                   | 100                       | 100       | Manufacturing of packaging materials for computers and the electronic industries.              |
| Ire-Tex Electronics Sdn. Bhd.                   | Malaysia                   | 100                       | 100       | Preparation of computer chassis and assembly.  |
| * Ire-Tex Packaging Material (Xiamen) Co., Ltd. | People's Republic of China | 100                       | 100       | Manufacture and sales of protective packaging materials for computers and electronic products. |
| Ire-Tex (Johor) Sdn. Bhd.                       | Malaysia                   | 70                        | 100       | Manufacturing of packing materials and other related products.                                 |
| Cal-Test Laboratory Sdn. Bhd.                   | Malaysia                   | 100                       | 100       | Provide services of calibration and testing of equipment and general products.                 |

| Name of Company  | Place of Incorporation     | Effective Equity Interest |           | Principal Activities  |
|--|----------------------------|---------------------------|-----------|---|
|  |                            | 2009<br>%                 | 2008<br>% |   |
| Eppor-Pack Sdn. Bhd.   | Malaysia                   | 100                       | 100       | Manufacture of packaging materials and other related products.  |
| GH Packaging Sdn. Bhd.   | Malaysia                   | 100                       | 100       | Manufacture of corrugated packaging materials.  |
| Styrotex (Asia Pacific) Sdn. Bhd.                                | Malaysia                   | 50.01                     | 50.01     | Investment holding and manufacturing of vacu foam style products, marketing and sales of vacu foam products, vacu form jigs and fixtures. |
| Powertude Sdn. Bhd.  | Malaysia                   | 100                       | 100       | Generation of biomass energy.   |
| <b>Indirect - held through Ire-Tex Electronics Sdn. Bhd.</b>     |                            |                           |           |   |
| Ire-Tex Distribution Sdn. Bhd.                                   | Malaysia                   | 100                       | 100       | Sourcing, distributing and trading of raw materials, components and finished products.  |
| <b>Indirect - held through Styrotex (Asia Pacific) Sdn. Bhd.</b> |                            |                           |           |   |
| * Suzhou Styrotex Plastic Co., Ltd.                              | People's Republic of China | 100                       | 100       | Manufacture of vacu foam products.  |
| <b>Indirect - held through Ire-Tex (Malaysia) Sdn. Bhd.</b>      |                            |                           |           |   |
| Ire-Tex (KL) Sdn. Bhd.   |                            | 70                        | -         | Trading of wooden crate and pallet.   |

\* Not audited by Grant Thornton.

2009

- (i) On 30 April 2009, the Company disposed of 30% equity interest in Ire-Tex (Johor) Sdn. Bhd. comprising 900,000 ordinary shares of RM1 for a total cash consideration of RM120,000.
- (ii) On 25 August 2009, Ire-Tex (Malaysia) Sdn. Bhd., a wholly-owned subsidiary of the Company has acquired 2 ordinary shares of RM1 each in Ire-Tex (KL) Sdn. Bhd. ("ITKL") for a cash consideration of RM2. On 30 September 2009, the Company subscribed for 139,998 new ordinary shares of RM1 each, at par for cash. Consequent to the subscription, the equity interest of the Company in ITKL was reduced from 100% to 70%. This acquisition did not have a material effect on the financial results and position of the Group for the year ended 31 December 2009.

2008

- (i) On 31 January 2008, the Company acquired the remaining 30% interest in its subsidiary Ire-Tex (Johor) Sdn. Bhd. ("ITJSB") comprising 600,000 ordinary shares of RM1 each from Interstate Resources Berhad for a cash consideration of RM1. Following the acquisition, ITJSB increased its issued and paid-up share capital from RM2,000,000 to RM3,000,000 by way of an allotment of 1,000,000 ordinary shares of RM1 each, at par to the Company for a cash consideration of RM1,000,000. This acquisition did not have a material effect on the financial results and position of the Group for the year ended 31 December 2008.
- (ii) On 27 February 2008, the Company disposed of 100% equity interest in Ire-Tex Packaging Material (Suzhou) Co., Ltd. comprising USD650,000 of registered shares for a cash consideration of RMB1.
- (iii) On 27 May 2008, the Company entered into a Equity Transfer Agreement ("ETA") to dispose of 70% interest of the total registered capital of USD1,000,000 ("Equity Transfer") in Ire-Tex (Xiamen) Plastics Co., Ltd. ("ITXP") to Xiamen Hexing Packaging Printing Co., Ltd. for a total consideration of RMB4,880,000. With the disposal the Company now holds 30% of the total registered capital of ITXP and ITXP has become an associate of the Company.
- (iv) On 31 May 2008, the disposal of Baguda (M) Sdn. Bhd. was completed.

## 7. INVESTMENT IN ASSOCIATES

|                                    | GROUP            |                  | COMPANY        |                  |
|------------------------------------|------------------|------------------|----------------|------------------|
|                                    | 2009<br>RM       | 2008<br>RM       | 2009<br>RM     | 2008<br>RM       |
| Unquoted shares, at cost           | 1,629,000        | 1,859,823        | 900,000        | 1,407,400        |
| Share of post-acquisition reserves | (38,833)         | (44,520)         | -              | -                |
|                                    | <u>1,590,167</u> | <u>1,815,303</u> | <u>900,000</u> | <u>1,407,000</u> |

Details of the associates are as follows :

| Name of Company  | Place of Incorporation     | Effective Equity Interest |           | Principal Activities  |
|--|----------------------------|---------------------------|-----------|---|
|  |                            | 2009<br>%                 | 2008<br>% |   |
| * Ire-Tex Premier India Private Limited                          | India                      | -                         | 50        | Manufacturer and sale of packaging related materials.                 |
| * Ire-Tex (Xiamen) Plastics Co., Ltd.                            | People's Republic of China | 30                        | 30        | Manufacture, design and sales of packaging materials.                 |
| <b>Indirect - held through Styrotex (Asia Pacific) Sdn. Bhd.</b> |                            |                           |           |   |
| * Shanghai Kingpak Enviro-Tech Plastics Products Co., Ltd.       | People's Republic of China | 50                        | 50        | Manufacture, marketing and sales of plastics vacuum foaming products. |

\* Not audited by Grant Thornton.

## 2009

- (i) Ire-Tex Premier India Private Limited has ceased to be an associate of the Company when the Company's interest was diluted to 16%.

## 2008

- (i) On 30 May 2008, the Company subscribed for additional shares amounting to Rupees 3,000,000 in the paid up capital of its associate Ire-Tex Premier India Private Limited ("ITPI") in India. The Company's subscription was to maintain its 50% equity interest in ITPI.

The summarised financial information of the associates is as follows :

|                                       | 2009<br>RM         | 2008<br>RM         |
|---------------------------------------|--------------------|--------------------|
| <b>Assets and liabilities</b>         |                    |                    |
| Current assets                        | 5,121,218          | 4,729,177          |
| Non-current assets                    | 1,871,155          | 10,394,370         |
| Total assets                          | <u>6,992,373</u>   | <u>15,123,547</u>  |
| Current liabilities/Total liabilities | <u>(1,089,336)</u> | <u>(7,260,260)</u> |
| <b>Results</b>                        |                    |                    |
| Revenue                               | 9,417,207          | 14,119,583         |
| Profit for the year                   | <u>749,677</u>     | <u>132,378</u>     |

#### 8. OTHER INVESTMENTS

|                          | GROUP          |            | COMPANY        |            |
|--------------------------|----------------|------------|----------------|------------|
|                          | 2009<br>RM     | 2008<br>RM | 2009<br>RM     | 2008<br>RM |
| Unquoted shares, at cost | 697,400        | 190,000    | 507,400        | -          |
| Less : Impairment loss   | (190,000)      | (190,000)  | -              | -          |
|                          | <u>507,400</u> | <u>-</u>   | <u>507,400</u> | <u>-</u>   |

#### 9. INVENTORIES

|                  | GROUP            |                  |
|------------------|------------------|------------------|
|                  | 2009<br>RM       | 2008<br>RM       |
| At cost :        |                  |                  |
| Raw materials    | 3,304,751        | 3,103,713        |
| Work-in-progress | 539,711          | 582,410          |
| Finished goods   | 2,434,860        | 2,605,089        |
|                  | <u>6,279,322</u> | <u>6,291,212</u> |

## 10. TRADE RECEIVABLES

|                                     | GROUP             |                   |
|-------------------------------------|-------------------|-------------------|
|                                     | 2009<br>RM        | 2008<br>RM        |
| Total amount                        | 23,770,233        | 16,924,671        |
| Less : Allowance for doubtful debts |                   |                   |
| Balance at beginning                | -                 | (1,000,927)       |
| Written off                         | -                 | 1,000,927         |
| Balance at end                      | -                 | -                 |
|                                     | <b>23,770,233</b> | <b>16,924,671</b> |
| Analysis by currencies :            |                   |                   |
| Ringgit Malaysia                    | 17,381,017        | 12,759,266        |
| US Dollar                           | 3,999,644         | 2,043,579         |
| Chinese Renminbi                    | 951,700           | 763,869           |
| Euro                                | -                 | 17,828            |
| Singapore Dollar                    | 1,437,872         | 1,340,129         |
|                                     | <b>23,770,233</b> | <b>16,924,671</b> |

Included herein are the following :

- (i) Amount of **RM244,094** (2008 : RM580,336) due from companies in which certain directors of the Company have substantial financial interests.
- (ii) Amount of **RM Nil** (2008 : RM361,942) due from an associate of the Company.

The Group's normal credit terms granted to trade receivables range from **30 to 90 days**. (2008 : 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

## 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

|                          | GROUP            |                  | COMPANY      |              |
|--------------------------|------------------|------------------|--------------|--------------|
|                          | 2009<br>RM       | 2008<br>RM       | 2009<br>RM   | 2008<br>RM   |
| Other receivables        | 503,301          | 1,071,290        | 877          | -            |
| Deposits                 | 243,341          | 543,891          | 4,848        | 4,748        |
| Prepayments              | 371,888          | 797,108          | -            | 2,835        |
|                          | <b>1,118,530</b> | <b>2,412,289</b> | <b>5,725</b> | <b>7,583</b> |
| Analysis by currencies : |                  |                  |              |              |
| Ringgit Malaysia         | 874,108          | 2,359,202        | 4,848        | 7,583        |
| US Dollar                | 219,685          | 22,092           | -            | -            |
| Chinese Renminbi         | 23,860           | 30,995           | -            | -            |
| Indian Rupee             | 877              | -                | 877          | -            |
|                          | <b>1,118,530</b> | <b>2,412,289</b> | <b>5,725</b> | <b>7,583</b> |

## 12. AMOUNT DUE FROM AN ASSOCIATE

## GROUP AND COMPANY

The amount due from an associate was non-trade related, unsecured, interest free and was repayable on demand.

## 13. AMOUNT DUE FROM/TO SUBSIDIARIES

|  | COMPANY          |                  |
|--|------------------|------------------|
|  | 2009<br>RM       | 2008<br>RM       |
| Amount due from subsidiaries :               |                  |                  |
| Interest bearing at 7% (2008 : 7%) per annum | 2,129,652        | 2,572,005        |
| Non-interest bearing                         | 7,312,222        | 6,493,979        |
|  | <b>9,441,874</b> | <b>9,065,984</b> |

|                              | COMPANY       |                  |
|------------------------------|---------------|------------------|
|                              | 2009          | 2008             |
|                              | RM            | RM               |
| Amount due to subsidiaries : |               |                  |
| Non-interest bearing         | <b>81,796</b> | <b>1,412,269</b> |

The amount due from/to subsidiaries is non-trade related, unsecured, interest free and is repayable on demand.

#### 14. CASH AND BANK BALANCES

|   | GROUP            |           | COMPANY          |           |
|---|------------------|-----------|------------------|-----------|
|   | 2009             | 2008      | 2009             | 2008      |
|   | RM               | RM        | RM               | RM        |
| <b>Unencumbered</b>                                   |                  |           |                  |           |
| Short-term funds with licensed financial institutions | 6,007,072        | 2,732,270 | 4,104,069        | 2,732,270 |
| Fixed deposits with licensed banks                    | 701,075          | -         | -                | -         |
| Cash and bank balances                                | <b>1,558,540</b> | 802,121   | <b>130,637</b>   | 187,738   |
| Cash and cash equivalents                             | <b>8,266,687</b> | 3,534,391 | <b>4,234,706</b> | 2,920,008 |
| <b>Encumbered</b>                                     |                  |           |                  |           |
| Fixed deposits with licensed banks                    | 226,006          | 21,700    | -                | -         |
|   | <b>8,492,693</b> | 3,556,091 | <b>4,234,706</b> | 2,920,008 |
| Analysis by currencies :                              |                  |           |                  |           |
| Ringgit Malaysia                                      | 7,545,078        | 3,371,371 | 4,234,706        | 2,920,008 |
| Chinese Renminbi                                      | 723,828          | 177,361   | -                | -         |
| US Dollar   | 13,275           | 7,359     | -                | -         |
| Singapore Dollar                                      | 210,512          | -         | -                | -         |
|   | <b>8,492,693</b> | 3,556,091 | <b>4,234,706</b> | 2,920,008 |

The encumbered fixed deposits are pledged to licensed banks as security for banking facilities granted to certain subsidiaries.

The interest rates per annum as at balance sheet date are as follows :

|   | 2009<br>%   | 2008<br>% | 2009<br>% | 2008<br>% |
|---|-------------|-----------|-----------|-----------|
| Short-term funds with licensed financial institutions | 2.50        | 3.10      | 2.50      | 3.10      |
| Fixed deposits with licensed banks                    | 2.00 - 2.50 | 3.00      | -         | -         |

The maturities as at balance sheet date are as follows :

|   | 2009<br>Days | 2008<br>Days | 2009<br>Days | 2008<br>Days |
|---|--------------|--------------|--------------|--------------|
| Short-term funds with licensed financial institutions | 1 - 30       | 1            | 1            | 1            |
| Fixed deposits with licensed banks                    | 30 - 365     | 30           | -            | -            |

#### 15. SHARE CAPITAL

|                              | Number of Ordinary Shares<br>of RM1 each |                   | Amount            |                   |
|------------------------------|--|-------------------|-------------------|-------------------|
|                              | 2009                                     | 2008              | 2009<br>RM        | 2008<br>RM        |
| Authorised :                 |  |                   |                   |                   |
| Balance at beginning/<br>end | <u>50,000,000</u>                        | <u>50,000,000</u> | <u>50,000,000</u> | <u>50,000,000</u> |
| Issued and fully paid :      |  |                   |                   |                   |
| Balance at beginning/<br>end | <u>44,817,000</u>                        | <u>44,817,000</u> | <u>44,817,000</u> | <u>44,817,000</u> |

**Employee Share Option Scheme (“ESOS”)**

The salient features of the ESOS are as follows :

- (i) The total number of new ordinary shares which are available to be issued under the ESOS shall not exceed ten percent (10%) of the total issued and fully paid-up share capital of the Company at any time.
- (ii) The ESOS shall be capable of being exercised from 1 August 2004 to 16 January 2009. On 26 November 2008, the Company has given its approval to extend the existing ESOS expiring on 16 January 2009 for a further period of five years to 16 January 2014 pursuant to By-laws 19.1 of the Scheme. Options not exercised during the said period shall become null and void.
- (iii) The new ordinary shares to be issued and allotted upon any exercise of the Option will upon allotment and issuance rank pari passu in all respect with the then existing issued and fully paid-up ordinary shares of the Company except that the new ordinary shares will not be entitled for any dividends, rights, allotments or other distribution declared, made or paid to shareholders unless the new ordinary shares so allotted have been credited into the relevant securities accounts of the shareholders maintained by Bursa Malaysia Depository Sdn. Bhd. before the entitlement date and will be subject to all provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.

The fair value of equity-settled share options granted in the previous year was estimated using binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used :

Fair value of share options granted on 24 August 2007 :

|                                      | 2009  | 2008  |
|--------------------------------------|-------|-------|
| Weighted average share price (RM)    | 0.88  | 0.88  |
| Weighted average exercise price (RM) | 1.00  | 1.00  |
| Expected volatility (%)              | 41.12 | 17.79 |
| Expected life (years)                | 6.40  | 6.40  |
| Risk free rate (%)                   | 4.29  | 5.73  |

The expected life of the option is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

## 16. SHARE PREMIUM

## GROUP AND COMPANY

|                          | 2009<br>RM       | 2008<br>RM       |
|--------------------------|------------------|------------------|
| Balance at beginning/end | <u>4,368,086</u> | <u>4,368,086</u> |

## 17. OTHER RESERVES

|   | GROUP          |                | COMPANY        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2009<br>RM     | 2008<br>RM     | 2009<br>RM     | 2008<br>RM     |
| <b>Share option reserve</b>                       |                |                |                |                |
| Share-based compensation pursuant to ESOS granted |                |                |                |                |
| Balance at beginning                              | 534,216        | 386,861        | 534,216        | 386,861        |
| Current year                                      | 287,608        | 147,355        | 287,608        | 147,355        |
|   | <u>821,824</u> | <u>534,216</u> | <u>821,824</u> | <u>534,216</u> |
| <b>Foreign currency translation reserve</b>       |                |                |                |                |
| Balance at beginning                              | 56,573         | 208,618        | -              | -              |
| Current year                                      | -              | (15,672)       | -              | -              |
| Disposal of investment in a subsidiary            | -              | (136,373)      | -              | -              |
| Balance at end                                    | <u>56,573</u>  | <u>56,573</u>  | <u>-</u>       | <u>-</u>       |
|   | <u>878,397</u> | <u>590,789</u> | <u>821,824</u> | <u>534,216</u> |

## 18. BORROWINGS

|   | GROUP       |             | COMPANY    |            |
|---|-------------|-------------|------------|------------|
|   | 2009<br>RM  | 2008<br>RM  | 2009<br>RM | 2008<br>RM |
| <b>Non-current liabilities</b>  |             |             |            |            |
| Term loans  |             |             |            |            |
| Total amount repayable  | 2,482,562   | 4,316,305   | 573,744    | 1,343,748  |
| Less : Repayable within<br>next twelve months<br>included under<br>current liabilities  | (1,312,302) | (1,330,902) | (573,744)  | (770,004)  |
|   | 1,170,260   | 2,985,403   | -          | 573,744    |
| Hire purchase payables  |             |             |            |            |
| Total amount payable  | 2,648,162   | 1,601,853   | -          | 11,556     |
| Less : Interest in<br>suspense  | (222,099)   | (110,461)   | -          | (1,650)    |
|   | 2,426,063   | 1,491,392   | -          | 9,906      |
| Less : Payable within<br>next twelve<br>months included<br>under current<br>liabilities | (1,023,245) | (732,303)   | -          | (9,906)    |
|   | 1,402,818   | 759,089     | -          | -          |
|   | 2,573,078   | 3,744,492   | -          | 573,744    |
| <b>Current liabilities</b>  |             |             |            |            |
| Bank overdrafts   | 1,041,651   | 664,018     | -          | -          |
| Bankers acceptance  | 8,238,000   | 6,516,000   | -          | -          |
| Hire purchase payables  | 1,023,245   | 732,303     | -          | 9,906      |
| Term loans  | 1,312,302   | 1,330,902   | 573,744    | 770,004    |
|   | 11,615,198  | 9,243,223   | 573,744    | 779,910    |

The borrowings are secured by way of :

- (i) First party first legal charge over a subsidiary's long leasehold land,
- (ii) Corporate guarantee of the holding company, and
- (iii) Corporate guarantee of a subsidiary.

A summary of the effective interest rates and the maturities of the borrowings are as follows :

|                        | Average<br>effective<br>interest rate<br>per annum<br>(%) | Total<br>RM | Within<br>one year<br>RM | More than one<br>year and less<br>than five years<br>RM |
|------------------------|---|-------------|--------------------------|---|
| <b>GROUP</b>           |   |             |                          |   |
| <b>2009</b>            |   |             |                          |   |
| Bank overdrafts        | 6.55 to 7.55  | 1,041,651   | 1,041,651                | -   |
| Bankers acceptance     | 2.22 to 5.76  | 8,238,000   | 8,238,000                | -   |
| Hire purchase payables | 3.88 to 6.56  | 2,426,063   | 1,023,245                | 1,402,818   |
| Term loans             | 7.00  | 2,482,562   | 1,312,302                | 1,170,260   |
| <b>2008</b>            |   |             |                          |   |
| Bank overdrafts        | 7.50 to 8.00  | 664,018     | 664,018                  | -   |
| Bankers acceptance     | 3.48 to 5.14  | 6,516,000   | 6,516,000                | -   |
| Hire purchase payables | 2.37 to 4.23  | 1,491,392   | 732,303                  | 759,089   |
| Term loans             | 5.20 to 7.50  | 4,316,305   | 1,330,902                | 2,985,403   |
| <b>COMPANY</b>         |   |             |                          |   |
| <b>2009</b>            |   |             |                          |   |
| Term loans             | 4.14  | 573,744     | 573,744                  | -   |
| <b>2008</b>            |   |             |                          |   |
| Hire purchase payables | 3.30  | 9,906       | 9,906                    | -   |
| Term loans             | 5.20 to 5.21  | 1,343,748   | 770,004                  | 573,744   |

## 19. DEFERRED TAX

|   | GROUP          |                | COMPANY        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2009<br>RM     | 2008<br>RM     | 2009<br>RM     | 2008<br>RM     |
| <b>Deferred tax assets :</b>              |                |                |                |                |
| Balance at beginning                      | 349,000        | 417,000        | 150,000        | 150,000        |
| Under/(Over) provision<br>in prior year   | 153,000        | (68,000)       | -              | -              |
| Balance at end                            | <b>502,000</b> | <b>349,000</b> | <b>150,000</b> | <b>150,000</b> |
| <b>Deferred tax liabilities :</b>         |                |                |                |                |
| Balance at beginning                      | 53,700         | 127,762        | -              | -              |
| Disposal of investment<br>in subsidiaries | -              | (110,262)      | -              | -              |
| Transfer from income<br>statement         | 54,300         | 34,600         | -              | -              |
| Under provision in<br>prior year          | 108,000        | 52,100         | -              | -              |
| Balance at end                            | <b>340,000</b> | <b>1,600</b>   | <b>-</b>       | <b>-</b>       |
| Balance at end                            | <b>448,000</b> | <b>53,700</b>  | <b>-</b>       | <b>-</b>       |

The deferred tax assets/(liabilities) are represented by temporary differences arising from :

|   | GROUP          |                | COMPANY        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2009<br>RM     | 2008<br>RM     | 2009<br>RM     | 2008<br>RM     |
| <b>Deferred tax assets</b>                        |                |                |                |                |
| Excess of capital allowances<br>over depreciation | (214,577)      | (209,427)      | (19,435)       | (9,948)        |
| Unabsorbed tax losses                             | 2,474,523      | 665,260        | 1,193,260      | 35,635         |
| Unabsorbed capital<br>allowances                  | 418,114        | 1,808,167      | 36,807         | 702,313        |
| Unabsorbed investment<br>tax allowance            | 394,572        | 395,000        | -              | -              |
| Unabsorbed reinvestment<br>allowance              | 153,000        | -              | -              | -              |
| Deferred tax assets not<br>recognised             | (2,723,632)    | (2,310,000)    | (1,060,632)    | (578,000)      |
|   | <b>502,000</b> | <b>349,000</b> | <b>150,000</b> | <b>150,000</b> |

These unabsorbed tax losses, capital allowances, reinvestment allowance and investment tax allowance are available to be carried forward for set off against future assessable income of a nature and amount sufficient for the tax losses capital allowances, reinvestment allowance and investment tax allowance to be utilised.

**Deferred tax liabilities**

Excess of capital allowances

|                   |                |        |   |   |
|-------------------|----------------|--------|---|---|
| over depreciation | <b>448,000</b> | 53,700 | - | - |
|-------------------|----------------|--------|---|---|

**20. TRADE PAYABLES****GROUP**

|                          | 2009<br>RM        | 2008<br>RM       |
|--------------------------|-------------------|------------------|
| Analysis by currencies : |                   |                  |
| Ringgit Malaysia         | 8,658,146         | 6,245,747        |
| Chinese Renminbi         | 1,512,568         | 852,859          |
| US Dollar                | 2,193,780         | 741,000          |
| Singapore Dollar         | 496               | -                |
|                          | <b>12,364,990</b> | <b>7,839,606</b> |

**GROUP**

Included herein is an amount of **RM686,918** (2008 : RM724,481) due to companies in which certain directors of the Company have substantial financial interests.

The Group's normal credit terms granted by trade payables range from **30 to 90 days** (2008 : 30 to 90 days).

**21. OTHER PAYABLES AND ACCRUALS**

|                | <b>GROUP</b>     |                  | <b>COMPANY</b> |                |
|----------------|------------------|------------------|----------------|----------------|
|                | 2009<br>RM       | 2008<br>RM       | 2009<br>RM     | 2008<br>RM     |
| Other payables | 2,414,962        | 1,809,534        | 5,815          | 136,684        |
| Accruals       | 2,524,106        | 1,295,051        | 344,537        | 213,722        |
|                | <b>4,939,068</b> | <b>3,104,585</b> | <b>350,352</b> | <b>350,406</b> |

|                          | GROUP            |                  | COMPANY        |                |
|--------------------------|------------------|------------------|----------------|----------------|
|                          | 2009<br>RM       | 2008<br>RM       | 2009<br>RM     | 2008<br>RM     |
| Analysis by currencies : |                  |                  |                |                |
| Ringgit Malaysia         | 4,321,682        | 2,908,530        | 350,352        | 350,406        |
| Chinese Renminbi         | 611,892          | 102,285          | -              | -              |
| Australian Dollar        | -                | 82,180           | -              | -              |
| US Dollar                | -                | 11,590           | -              | -              |
| Singapore Dollar         | 5,494            | -                | -              | -              |
|                          | <b>4,939,068</b> | <b>3,104,585</b> | <b>350,352</b> | <b>350,406</b> |

**GROUP**

Included herein are the following :

- (i) Amount of **RM2,706** (2008 : RM282,180) due to companies in which certain directors of the Company have substantial financial interests. It is unsecured, interest free and is repayable on demand.
- (ii) Amount of **RM Nil** (2008 : RM11,590) due to an associate of the Company. It is unsecured, interest free and is repayable on demand.

22. **REVENUE**

|   | GROUP             |                   | COMPANY          |                  |
|---|-------------------|-------------------|------------------|------------------|
|   | 2009<br>RM        | 2008<br>RM        | 2009<br>RM       | 2008<br>RM       |
| Gross dividend income from subsidiaries | -                 | -                 | 4,300,000        | -                |
| Management fee from subsidiaries        | -                 | -                 | 1,332,000        | 1,114,000        |
| Sale of goods                           | 79,460,122        | 68,438,717        | -                | -                |
|   | <b>79,460,122</b> | <b>68,438,717</b> | <b>5,632,000</b> | <b>1,114,000</b> |

## 23. OTHER INCOME

|   | GROUP            |                  | COMPANY        |                |
|---|------------------|------------------|----------------|----------------|
|   | 2009<br>RM       | 2008<br>RM       | 2009<br>RM     | 2008<br>RM     |
| Bad debts recovered                                     | -                | 809              | -              | -              |
| Deemed gain on disposal<br>of an associate              | 40,064           | -                | -              | -              |
| Gain on disposal of<br>of investment in<br>subsidiaries | -                | 1,126,411        | -              | -              |
| Gain on disposal of property,<br>plant and equipment    | 111,577          | 482              | -              | -              |
| Interest income   | 82,212           | 36,224           | 188,700        | 140,949        |
| Realised gain on foreign<br>exchange                    | 123,969          | 125,064          | -              | 155            |
| Rental income   | 644,114          | 44,400           | -              | -              |
| Royalty   | 37,184           | -                | -              | -              |
| Miscellaneous   | 165,082          | 276,085          | -              | -              |
|   | <b>1,204,202</b> | <b>1,609,475</b> | <b>188,700</b> | <b>141,104</b> |

## 24. FINANCE COSTS

|                    | GROUP          |                | COMPANY       |                |
|--------------------|----------------|----------------|---------------|----------------|
|                    | 2009<br>RM     | 2008<br>RM     | 2009<br>RM    | 2008<br>RM     |
| Bank overdrafts    | 41,952         | 36,334         | -             | -              |
| Bankers acceptance | 245,622        | 336,520        | -             | -              |
| Hire purchase      | 157,766        | 163,076        | 1,706         | 6,600          |
| Loan               | -              | 1,847          | -             | -              |
| Term loans         | 265,034        | 376,320        | 47,944        | 107,995        |
|                    | <b>710,374</b> | <b>914,097</b> | <b>49,650</b> | <b>114,595</b> |

## 25. PROFIT/(LOSS) BEFORE TAXATION

This is arrived at :

|  | GROUP      |            | COMPANY    |            |
|--|------------|------------|------------|------------|
|  | 2009<br>RM | 2008<br>RM | 2009<br>RM | 2008<br>RM |
| After charging :   |            |            |            |            |
| Amortisation of prepaid<br>land lease payments                           | 91,253     | 113,863    | -          | -          |
| Audit fee  |            |            |            |            |
| - statutory audit  |            |            |            |            |
| - current year   | 63,975     | 55,376     | 12,000     | 10,000     |
| - over provision in prior year   | -          | (2,100)    | -          | -          |
| - other services   |            |            |            |            |
| - current year   | 2,605      | 2,105      | 2,000      | 2,000      |
| - over provision in prior year   | (1,000)    | -          | (1,000)    | -          |
| Bad debts  | 264,688    | 59,210     | -          | -          |
| Depreciation   | 3,334,699  | 3,695,953  | 39,829     | 37,728     |
| Directors' fee   |            |            |            |            |
| - Non-executive directors  |            |            |            |            |
| - current year   | 84,000     | 84,000     | 84,000     | 84,000     |
| - over provision in prior<br>years                                       | (16,800)   | (16,800)   | (16,800)   | (16,800)   |
| Interest expense   | 710,374    | 914,097    | 49,650     | 114,595    |
| Loss on disposal of investment<br>in subsidiaries                        | -          | -          | 650,561    | 491,434    |
| Loss on disposal of partial<br>equity interest in existing<br>subsidiary | 172,015    | -          | -          | -          |
| Preliminary expenses   | 4,300      | -          | -          | -          |
| Property, plant and<br>equipment written off                             | 226        | 8,031      | -          | -          |
| Realised loss on foreign<br>exchange                                     | 136,752    | 22,703     | -          | -          |
| Rental of office equipment   | 8,189      | 8,322      | -          | -          |
| Rental of machinery  | 76,740     | 45,290     | -          | -          |
| Rental of premises   | 1,411,358  | 1,657,222  | 32,400     | 32,400     |
| Share-based compensation<br>pursuant to ESOS<br>granted                  | 287,608    | 147,355    | 287,608    | 147,355    |
| * Staff costs  | 12,741,593 | 10,832,180 | 1,585,898  | 1,283,314  |

|  | GROUP             |                   | COMPANY          |                  |
|--|-------------------|-------------------|------------------|------------------|
|  | 2009<br>RM        | 2008<br>RM        | 2009<br>RM       | 2008<br>RM       |
| And crediting :                                      |                   |                   |                  |                  |
| Bad debts recovered                                  | -                 | 809               | -                | -                |
| Deemed gain on disposal<br>of an associate           | 40,064            | -                 | -                | -                |
| Gain on disposal of investment<br>in subsidiaries    | -                 | 1,126,411         | -                | -                |
| Gain on disposal of property,<br>plant and equipment | 111,577           | 482               | -                | -                |
| Interest income                                      | 82,212            | 36,224            | 188,700          | 140,949          |
| Realised gain on foreign<br>exchange                 | 98,586            | 125,064           | -                | 155              |
| Rental income  | 644,114           | 44,400            | -                | -                |
| Reserve on consolidation<br>written off              | -                 | 119,562           | -                | -                |
|  | <b>11,969,751</b> | <b>10,141,118</b> | <b>1,449,855</b> | <b>1,154,656</b> |
| <b>* Staff costs</b>                                 |                   |                   |                  |                  |
| - Salaries, allowances and<br>bonus                  | 11,969,751        | 10,141,118        | 1,449,855        | 1,154,656        |
| - EPF  | 688,349           | 617,580           | 129,673          | 122,351          |
| - SOCSO  | 83,493            | 73,482            | 6,370            | 6,307            |
|  | <b>12,741,593</b> | <b>10,832,180</b> | <b>1,585,898</b> | <b>1,283,314</b> |

**Directors' remuneration**

Included in the staff costs of the Group and of the Company is the aggregate amount of emoluments received and receivable by directors of the Company and its subsidiaries as shown below :

|   | GROUP      |            | COMPANY    |            |
|---|------------|------------|------------|------------|
|   | 2009<br>RM | 2008<br>RM | 2009<br>RM | 2008<br>RM |
| <b>Executive Directors of the Company :</b> |            |            |            |            |
| <b>Directors' emoluments</b>                |            |            |            |            |
| - Salaries, bonus and<br>allowances         | 800,059    | 588,363    | 800,059    | 588,363    |
| - EPF                                       | 72,430     | 66,113     | 72,430     | 66,113     |
| Balance carried forward                     | 872,489    | 654,476    | 872,489    | 654,476    |

|  | GROUP      |            | COMPANY    |            |
|--|------------|------------|------------|------------|
|  | 2009<br>RM | 2008<br>RM | 2009<br>RM | 2008<br>RM |
| Balance brought forward                      | 872,489    | 654,476    | 872,489    | 654,476    |
| <b>Directors' fee</b>                        |            |            |            |            |
| - Current year                               | 24,000     | 24,000     | 24,000     | 24,000     |
| - Over provision in prior years              | (4,800)    | (4,800)    | (4,800)    | (4,800)    |
|  | 19,200     | 19,200     | 19,200     | 19,200     |
| <b>Executive Directors of subsidiaries :</b> |            |            |            |            |
| <b>Directors' emoluments</b>                 |            |            |            |            |
| - Salaries, bonus and allowances             | 500,552    | 719,128    | -          | -          |
| - EPF  | 26,624     | 48,723     | -          | -          |
|  | 527,176    | 767,851    | -          | -          |
|  | 1,418,865  | 1,441,527  | 891,689    | 673,676    |
| <b>Benefits-in-kind</b>                      |            |            |            |            |
| Directors of the Company                     | 17,350     | 27,600     | 17,350     | 27,600     |
| Directors of subsidiaries                    | 6,500      | 6,500      | -          | -          |
|  | 23,850     | 34,100     | 17,350     | 27,600     |
|  | 1,442,715  | 1,475,627  | 909,039    | 701,276    |

## 26. TAXATION

|   | GROUP      |            | COMPANY    |            |
|---|------------|------------|------------|------------|
|   | 2009<br>RM | 2008<br>RM | 2009<br>RM | 2008<br>RM |
| Malaysian income tax :  |            |            |            |            |
| Based on results for the year                                       |            |            |            |            |
| - Current tax   | (91,800)   | (26,300)   | -          | -          |
| - Deferred tax  |            |            |            |            |
| - Relating to the origination and reversal of temporary differences | (54,300)   | (36,400)   | -          | -          |
| - Relating to changes in tax rates                                  | -          | 1,800      | -          | -          |
|   | (54,300)   | (34,600)   | -          | -          |
| Balance carried forward   | (146,100)  | (60,900)   | -          | -          |

|  | GROUP            |                 | COMPANY    |                 |
|--|------------------|-----------------|------------|-----------------|
|  | 2009<br>RM       | 2008<br>RM      | 2009<br>RM | 2008<br>RM      |
| Balance brought forward                  | (146,100)        | (60,900)        | -          | -               |
| (Under)/Over provision in<br>prior years |                  |                 |            |                 |
| - Current tax                            | 18,383           | 42,850          | -          | (37,118)        |
| - Deferred tax                           | (187,000)        | (69,600)        | -          | -               |
|  | (168,617)        | (26,750)        | -          | (37,118)        |
|  | <b>(314,717)</b> | <b>(87,650)</b> | <b>-</b>   | <b>(37,118)</b> |

The reconciliation of tax expense of the Group and of the Company is as follows :

|  | GROUP            |                  | COMPANY          |                    |
|--|------------------|------------------|------------------|--------------------|
|  | 2009<br>RM       | 2008<br>RM       | 2009<br>RM       | 2008<br>RM         |
| Profit/(Loss) before<br>taxation                                     | 3,444,473        | (356,642)        | 2,800,290        | (1,418,935)        |
| Less : Share of results of<br>associates                             | (242,200)        | (38,201)         | -                | -                  |
|  | <b>3,202,273</b> | <b>(394,843)</b> | <b>2,800,290</b> | <b>(1,418,935)</b> |
| Income tax at Malaysian<br>statutory tax rate of 25%<br>(2008 : 26%) | (800,568)        | 102,659          | (700,073)        | 368,923            |
| Effects of :   |                  |                  |                  |                    |
| - Effect of different tax rate<br>in other countries                 | -                | (65,281)         | -                | -                  |
| - Income not subject to tax  | 59,547           | 968,800          | 1,092,950        | 467,607            |
| - Expenses not deductible<br>for tax purposes                        | (194,094)        | (968,925)        | (187,881)        | (692,317)          |
| Balance carried forward  | <b>(935,115)</b> | <b>37,253</b>    | <b>204,996</b>   | <b>144,213</b>     |

|   | GROUP            |                 | COMPANY    |                 |
|---|------------------|-----------------|------------|-----------------|
|   | 2009<br>RM       | 2008<br>RM      | 2009<br>RM | 2008<br>RM      |
| Balance brought forward   | (935,115)        | 37,253          | 204,996    | 144,213         |
| - Reduced tax rate on first RM500,000 chargeable income                                 | -                | 68              | -          | -               |
| - Deferred tax assets not recognised  | (2,004,375)      | (482,701)       | -          | (144,213)       |
| - Utilisation of unabsorbed tax losses, capital allowances and investment tax allowance | 1,157,817        | 382,680         | -          | -               |
| - Net deferred tax movements not recognised   | 1,635,573        | -               | (204,996)  | -               |
| - Changes in tax rates  | -                | 1,800           | -          | -               |
|   | <u>(146,100)</u> | <u>(60,900)</u> | <u>-</u>   | <u>-</u>        |
| Under provision in prior years  | (168,617)        | (26,750)        | -          | (37,118)        |
|   | <u>(314,717)</u> | <u>(87,650)</u> | <u>-</u>   | <u>(37,118)</u> |

The amount and future availability of unabsorbed tax losses, capital allowances, reinvestment allowance and investment tax allowance for which the related tax effects have not been accounted for at balance sheet date are estimated as follows :

|                                     | GROUP      |            | COMPANY    |            |
|-------------------------------------|------------|------------|------------|------------|
|                                     | 2009<br>RM | 2008<br>RM | 2009<br>RM | 2008<br>RM |
| Unabsorbed tax losses               | 10,726,600 | 11,218,300 | 4,173,000  | 3,373,000  |
| Unabsorbed capital allowances       | 4,563,000  | 5,071,700  | 147,000    | 142,000    |
| Unabsorbed reinvestment allowance   | 5,099,000  | 6,704,600  | -          | -          |
| Unabsorbed investment tax allowance | 1,578,000  | 1,578,000  | -          | -          |

These unabsorbed tax losses, capital allowances, reinvestment allowance and investment tax allowance are available to be carried forward for set off against future assessable income of the Company and its subsidiaries of a nature and amount sufficient for the tax losses, capital allowances and reinvestment allowance and investment tax to be utilised.

The Group is operating in the jurisdictions of Malaysia and People's Republic of China. The applicable domestic statutory income tax rate are 25% for Malaysia and 25% for People's Republic of China, as the foreign subsidiaries are located in the special economic zone.

## 27. EARNINGS PER SHARE

### GROUP

Basic earnings per share of the Group is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year calculated as follows :

|  | 2009              | 2008              |
|--|-------------------|-------------------|
| Profit attributable to equity holders<br>of the Company (RM) | <u>3,057,570</u>  | <u>631,866</u>    |
| Weighted average number of ordinary shares<br>of RM1 each    | <u>44,817,000</u> | <u>44,817,000</u> |
| Basic earnings per share (sen)                               | <u>6.82</u>       | <u>1.41</u>       |

Diluted earnings per share has not been computed as the effect of the share options under ESOS is anti-dilutive in nature.

## 28. COMMITMENTS

|  | GROUP          |                  | COMPANY    |            |
|--|----------------|------------------|------------|------------|
|  | 2009<br>RM     | 2008<br>RM       | 2009<br>RM | 2008<br>RM |
| (a) Capital commitment<br>Authorised and<br>contracted for : |                |                  |            |            |
| - Property, plant<br>equipment                               | <u>487,947</u> | <u>1,270,042</u> | <u>-</u>   | <u>-</u>   |

|   | GROUP          |               | COMPANY    |            |
|---|----------------|---------------|------------|------------|
|   | 2009<br>RM     | 2008<br>RM    | 2009<br>RM | 2008<br>RM |
| (b) Cancellable operating lease commitments       |                |               |            |            |
| (i) Future minimum rentals receivable :           |                |               |            |            |
| Not later than one year                           | 84,000         | 18,500        | -          | -          |
| Later than one year and not later than five years | 147,000        | -             | -          | -          |
|   | <u>231,000</u> | <u>18,500</u> | <u>-</u>   | <u>-</u>   |

Operating lease commitments represent rentals receivable for use of building. Leases are negotiated for a term of three years.

|   |                  |                  |               |               |
|---|------------------|------------------|---------------|---------------|
| (ii) Future minimum rentals payable :             |                  |                  |               |               |
| Not later than one year                           | 1,722,300        | 1,334,910        | 13,500        | 32,400        |
| Later than one year and not later than five years | 2,990,442        | 328,530          | -             | 13,500        |
|   | <u>4,712,742</u> | <u>1,663,440</u> | <u>13,500</u> | <u>45,900</u> |

Operating lease commitments represent rentals payable for use of building and equipment. Leases are negotiated for terms ranging from one to five years.

## 29. CONTINGENT LIABILITIES (UNSECURED)

|  | COMPANY           |                   |
|--|-------------------|-------------------|
|  | 2009<br>RM        | 2008<br>RM        |
| (i) Corporate guarantee extended to banks and financial institutions for credit facilities granted to subsidiaries |                   |                   |
| - Limit  | <u>26,602,900</u> | <u>20,560,500</u> |
| - Utilised as at balance sheet date  | <u>12,385,961</u> | <u>10,360,382</u> |

|   | COMPANY          |                  |
|---|------------------|------------------|
|   | 2009<br>RM       | 2008<br>RM       |
| (ii) Corporate guarantee extended to supplier of a subsidiary |                  |                  |
| - Limit   | <u>2,000,000</u> | <u>2,000,000</u> |
| - Utilised as at balance sheet date                           | <u>107,554</u>   | <u>745,302</u>   |

### 30. SEGMENT REPORTING

#### Business Segments

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

Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses and corporate assets and expenses.

All the operation of the Group are organised into the following main business segments :

- (i) Fabrication - fabrication of polymer-base packaging materials
- (ii) Manufacturing - contract manufacturing, conversion of corrugated paper boxes and manufacturing of polymer-based products
- (iii) Trading - trading of raw materials, computers and finished goods and provision of testing and calibration services and wooden crate and pallet.
- (iv) Energy supply - generation of biomass energy
- (v) Investment holding

## By business segments

|   | Fabrication<br>RM | Manufacturing<br>RM | Trading<br>RM    | Energy<br>supply<br>RM | Investment<br>holding<br>RM | Elimination<br>RM   | Total<br>RM       |
|---|-------------------|---------------------|------------------|------------------------|-----------------------------|---------------------|-------------------|
| <b>2009</b>   |                   |                     |                  |                        |                             |                     |                   |
| <b>Revenue from</b>   |                   |                     |                  |                        |                             |                     |                   |
| External customers  | 53,615,345        | 25,195,034          | 409,743          | 240,000                | -                           | -                   | 79,460,122        |
| Inter-segment   | 1,038,176         | 755,628             | 2,930            | 960,000                | 5,632,000                   | (8,388,734)         | -                 |
| <b>Total revenue</b>  | <b>54,653,521</b> | <b>25,950,662</b>   | <b>412,673</b>   | <b>1,200,000</b>       | <b>5,632,000</b>            | <b>(8,388,734)</b>  | <b>79,460,122</b> |
| <b>Results</b>  |                   |                     |                  |                        |                             |                     |                   |
| Segment results   | 4,512,152         | 578,027             | (151,825)        | 5,639                  | (1,598,696)                 | 485,138             | 3,830,435         |
| Interest income   | 8,852             | 1,560               | -                | -                      | 188,700                     | (116,900)           | 82,212            |
| Interest expense  | (413,835)         | (346,153)           | -                | (17,636)               | (49,650)                    | 116,900             | (710,374)         |
| Share of result of<br>associates  | -                 | (58,742)            | -                | -                      | 300,942                     | -                   | 242,200           |
| <b>Profit/(Loss) before<br/>taxation</b>                                  | <b>4,107,169</b>  | <b>174,692</b>      | <b>(151,825)</b> | <b>(11,997)</b>        | <b>(1,158,704)</b>          | <b>485,138</b>      | <b>3,444,473</b>  |
| Taxation  | (331,000)         | 4,555               | 9,028            | 2,700                  | -                           | -                   | (314,717)         |
| <b>Profit/(Loss) after<br/>taxation</b>                                   | <b>3,776,169</b>  | <b>179,247</b>      | <b>(142,797)</b> | <b>(9,297)</b>         | <b>(1,158,704)</b>          | <b>485,138</b>      | <b>3,129,756</b>  |
| <b>Assets</b>   |                   |                     |                  |                        |                             |                     |                   |
| Segment assets  | 45,340,401        | 21,621,115          | 577,391          | 2,763,693              | 39,124,974                  | (45,323,620)        | 64,103,954        |
| Investment in<br>associates   | -                 | 2,265,841           | -                | -                      | 900,000                     | (1,575,674)         | 1,590,167         |
| Investment in other<br>investment   | -                 | -                   | -                | -                      | 507,400                     | -                   | 507,400           |
| Deferred tax assets   | 153,000           | 199,000             | -                | -                      | 150,000                     | -                   | 502,000           |
| Tax recoverable   | 42,896            | 157,733             | -                | -                      | -                           | -                   | 200,629           |
| Cash and cash<br>equivalents  | 3,109,590         | 1,087,574           | 43,543           | 17,280                 | 4,234,706                   | -                   | 8,492,693         |
| <b>Total assets</b>   | <b>48,645,887</b> | <b>25,331,263</b>   | <b>620,934</b>   | <b>2,780,973</b>       | <b>44,917,080</b>           | <b>(46,899,294)</b> | <b>75,396,843</b> |
| <b>Liabilities</b>  |                   |                     |                  |                        |                             |                     |                   |
| Segment liabilities   | 13,941,983        | 15,124,099          | 2,039,595        | 1,437,054              | 432,148                     | (15,670,821)        | 17,304,058        |
| Borrowings  | 8,864,921         | 2,323,548           | -                | -                      | 573,744                     | -                   | 11,762,213        |
| Hire purchase payables  | 553,235           | 1,676,497           | -                | 196,331                | -                           | -                   | 2,426,063         |
| Provision for taxation  | -                 | 5,300               | -                | -                      | -                           | -                   | 5,300             |
| Deferred tax liabilities  | 406,000           | -                   | -                | 42,000                 | -                           | -                   | 448,000           |
| <b>Total liabilities</b>  | <b>23,766,139</b> | <b>19,129,444</b>   | <b>2,039,595</b> | <b>1,675,385</b>       | <b>1,005,892</b>            | <b>(15,670,821)</b> | <b>31,945,634</b> |
| <b>Other information</b>  |                   |                     |                  |                        |                             |                     |                   |
| Amortisation of prepaid<br>land lease payments                            | 91,253            | -                   | -                | -                      | -                           | -                   | 91,253            |
| Capital expenditure   | 1,493,403         | 2,990,635           | 6,497            | 75,330                 | -                           | -                   | 4,565,865         |
| Depreciation  | 1,334,125         | 1,614,723           | 39,090           | 306,932                | 39,829                      | -                   | 3,334,699         |
| Non-cash expenses/(income)<br>other than depreciation and<br>amortisation | 137,846           | 73,383              | 850              | -                      | (19,794)                    | 138,411             | 330,696           |

|   | Fabrication<br>RM | Manufacturing<br>RM | Trading<br>RM    | Energy<br>supply<br>RM | Investment<br>holding<br>RM | Elimination<br>RM   | Total<br>RM       |
|---|-------------------|---------------------|------------------|------------------------|-----------------------------|---------------------|-------------------|
| 2008  |                   |                     |                  |                        |                             |                     |                   |
| Revenue from  |                   |                     |                  |                        |                             |                     |                   |
| External customers  | 37,126,137        | 30,828,827          | 243,753          | 240,000                | -                           | -                   | 68,438,717        |
| Inter-segment   | 533,935           | 12,182,966          | -                | 960,000                | 1,114,000                   | (14,790,901)        | -                 |
| Total revenue   | <u>37,660,072</u> | <u>43,011,793</u>   | <u>243,753</u>   | <u>1,200,000</u>       | <u>1,114,000</u>            | <u>(14,790,901)</u> | <u>68,438,717</u> |
| Results   |                   |                     |                  |                        |                             |                     |                   |
| Segment results   | 796,206           | (906,808)           | (24,686)         | 166,255                | 343,918                     | (11,417)            | 363,468           |
| Interest income   | 1,162             | 2,792               | -                | -                      | 140,949                     | (108,679)           | 36,224            |
| Interest expense  | (443,502)         | (437,199)           | -                | (27,480)               | (114,595)                   | 108,679             | (914,097)         |
| Share of result of<br>associates  | -                 | (111,604)           | -                | -                      | 149,805                     | -                   | 38,201            |
| Reserve on consolidation<br>written off                                   | -                 | -                   | -                | -                      | -                           | 119,562             | 119,562           |
| (Loss)/Profit before<br>taxation  | 353,866           | (1,452,819)         | (24,686)         | 138,775                | 520,077                     | 108,145             | (356,642)         |
| Taxation  | 8,649             | 45,319              | (67,800)         | (36,700)               | (37,118)                    | -                   | (87,650)          |
| (Loss)/Profit after<br>taxation   | <u>362,515</u>    | <u>(1,407,500)</u>  | <u>(92,486)</u>  | <u>102,075</u>         | <u>482,959</u>              | <u>108,145</u>      | <u>(444,292)</u>  |
| Assets  |                   |                     |                  |                        |                             |                     |                   |
| Segment assets  | 41,866,978        | 25,211,258          | 352,262          | 2,840,868              | 39,462,211                  | (52,065,188)        | 57,668,389        |
| Investment in<br>associates   | -                 | 2,324,583           | -                | -                      | 1,407,400                   | (1,916,680)         | 1,815,303         |
| Deferred tax assets   | -                 | 199,000             | -                | -                      | 150,000                     | -                   | 349,000           |
| Tax recoverable   | 150,412           | 128,541             | -                | -                      | -                           | -                   | 278,953           |
| Cash and cash<br>equivalents  | 150,644           | 457,532             | 10,813           | 17,094                 | 2,920,008                   | -                   | 3,556,091         |
| Total assets  | <u>42,168,034</u> | <u>28,320,914</u>   | <u>363,075</u>   | <u>2,857,962</u>       | <u>43,939,619</u>           | <u>(53,981,868)</u> | <u>63,667,736</u> |
| Liabilities   |                   |                     |                  |                        |                             |                     |                   |
| Segment liabilities   | 11,837,578        | 15,935,276          | 1,929,637        | 1,356,026              | 1,762,675                   | (21,877,001)        | 10,944,191        |
| Borrowings  | 4,773,068         | 5,379,507           | -                | -                      | 1,343,748                   | -                   | 11,496,323        |
| Hire purchase payables  | 665,226           | 473,909             | -                | 342,351                | 9,906                       | -                   | 1,491,392         |
| Provision for taxation  | -                 | -                   | 300              | -                      | -                           | -                   | 300               |
| Deferred tax liabilities  | -                 | -                   | 9,000            | 44,700                 | -                           | -                   | 53,700            |
| Total liabilities   | <u>17,275,872</u> | <u>21,788,692</u>   | <u>1,938,937</u> | <u>1,743,077</u>       | <u>3,116,329</u>            | <u>(21,877,001)</u> | <u>23,985,906</u> |
| Other information   |                   |                     |                  |                        |                             |                     |                   |
| Amortisation of prepaid<br>land lease payments                            | 113,863           | -                   | -                | -                      | -                           | -                   | 113,863           |
| Capital expenditure   | 570,759           | 2,234,474           | 6,783            | -                      | 41,432                      | (11,417)            | 2,842,031         |
| Depreciation  | 1,338,652         | 1,954,319           | 61,790           | 303,464                | 37,728                      | -                   | 3,695,953         |
| Non-cash expenses/(income)<br>other than depreciation and<br>amortisation | 44,563            | 114,980             | 7,403            | -                      | (1,128,861)                 | (108,145)           | (1,070,060)       |

### Geographical Segments

The Group operates in two principal geographical areas namely Malaysia and People's Republic of China.

|                            | 2009              |                       |                              |
|----------------------------|-------------------|-----------------------|------------------------------|
|                            | Revenue<br>RM     | Total<br>assets<br>RM | Capital<br>expenditure<br>RM |
| Malaysia                   | 74,690,370        | 71,785,585            | 4,562,211                    |
| People's Republic of China | 4,769,752         | 3,611,258             | 3,654                        |
|                            | <b>79,460,122</b> | <b>75,396,843</b>     | <b>4,565,865</b>             |
|                            | 2008              |                       |                              |
|                            | Revenue<br>RM     | Total<br>assets<br>RM | Capital<br>expenditure<br>RM |
| Malaysia                   | 58,955,204        | 61,754,831            | 2,437,213                    |
| People's Republic of China | 9,483,513         | 1,912,905             | 404,818                      |
|                            | <b>68,438,717</b> | <b>63,667,736</b>     | <b>2,842,031</b>             |

### 31. RELATED PARTY DISCLOSURES

#### (i) Related party transactions

|   | GROUP      |            | COMPANY    |            |
|---|------------|------------|------------|------------|
|   | 2009<br>RM | 2008<br>RM | 2009<br>RM | 2008<br>RM |
| Management fee income from subsidiaries |            |            |            |            |
| - Ire-Tex (Malaysia) Sdn. Bhd.          | -          | -          | 960,000    | 600,000    |
| - Ire-Tex (Johor) Sdn. Bhd.             | -          | -          | 60,000     | 60,000     |
| - Eppor-Pack Sdn. Bhd.                  | -          | -          | 180,000    | 180,000    |
| - GH Packaging Sdn. Bhd.                | -          | -          | 60,000     | 180,000    |
| - Ire-Tex Distribution Sdn. Bhd.        | -          | -          | 12,000     | 12,000     |
| - Cal-Test Laboratory Sdn. Bhd.         | -          | -          | 12,000     | 12,000     |
| - Baguda (M) Sdn. Bhd.                  | -          | -          | -          | 4,000      |
| - Styrotex (Asia Pacific) Sdn. Bhd.     | -          | -          | 36,000     | 66,000     |
| - Ire-Tex Electronics Sdn. Bhd.         | -          | -          | 12,000     | -          |

|  | GROUP          |            | COMPANY        |            |
|--|----------------|------------|----------------|------------|
|  | 2009<br>RM     | 2008<br>RM | 2009<br>RM     | 2008<br>RM |
| Rental expense paid to a subsidiary<br>- Ire-Tex (Malaysia) Sdn. Bhd.  | -              | -          | <b>32,400</b>  | 32,400     |
| Interest income received from a subsidiary<br>- Styrotex (Asia Pacific) Sdn. Bhd.  | -              | -          | <b>116,900</b> | 108,679    |
| Sales to an associate of the Company<br>- Ire-Tex Premier India Private<br>Limited   | -              | 1,266,505  | -              | -          |
| Sales to a related party in which<br>certain directors of the Company,<br>Dato' Dr. Yap Tatt Keat and Mr.<br>Lim Poay Guan have substantial<br>financial interests<br>- Phoenix Base Sdn. Bhd.       | <b>324,993</b> | 311,949    | -              | -          |
| Sales to a related party in which<br>a director of the Company,<br>Dr. Lee Yu Huat @ Lee Yew<br>Huat has substantial financial<br>interest<br>- Sin Guan Hup Oil Rice Mill Sdn.<br>Bhd.              | <b>240,000</b> | 240,000    | -              | -          |
| Purchases from a related party in<br>which certain directors of the<br>Company, Dato' Dr. Yap Tatt<br>Keat and Mr. Lim Poay Guan have<br>substantial financial interests<br>- Phoenix Base Sdn. Bhd. | <b>242,419</b> | 2,303,896  | -              | -          |
| Rental of premises paid to a director<br>of the Company<br>- Dr. Lee Yu Huat @ Lee Yew<br>Huat   | <b>66,000</b>  | 66,000     | -              | -          |
| Rental of premises paid to a director<br>of a subsidiary<br>- Mr. Lee Chee Cheang  | <b>80,000</b>  | -          | -              | -          |

|   | GROUP      |            | COMPANY    |            |
|---|------------|------------|------------|------------|
|   | 2009<br>RM | 2008<br>RM | 2009<br>RM | 2008<br>RM |
| Rental of premises paid to a related party in which a director of the Company, Dr. Lee Yu Huat @ Lee Yew Huat has substantial financial interest  |            |            |            |            |
| - Sin Guan Hup Oil Rice Mill Sdn. Bhd.  | 30,000     | 30,000     | -          | -          |
| Rental of premises paid to a person connected to Dr. Lee Yu Huat @ Lee Yew Huat   | 291,120    | 291,120    | -          | -          |
| Rental of premises paid to a person connected to a director of a subsidiary   |            |            |            |            |
| - Mr. Lee Chee Cheang   | 100,000    | -          | -          | -          |
| Loan interest paid to a related party in which certain directors of the Company, Dato' Dr. Yap Tatt Keat, Dr. Lee Yu Huat @ Lee Yew Huat and Lim Poay Guan and directors of subsidiaries, Mr. Wong Ghee Heng and Mr. Lee Chee Cheang have substantial financial interests |            |            |            |            |
| - Ire-Tex Holdings Sdn. Bhd.  | -          | 1,847      | -          | -          |
| Consultancy fee paid to a related party in which a director of a subsidiary, Mr. Zane Masao Ernest Yoshida has substantial financial interest   |            |            |            |            |
| - Yoshida Nominees Pty Ltd.   | -          | 142,160    | -          | -          |
| Royalty paid to a company in which the directors of subsidiaries, Mr. Zane Masao Ernest Yoshida, Mr. Rene Roger Lloyd Doel and Mr. Lee Chee Cheong have substantial financial interest  | 27,487     | 30,517     | -          | -          |
| Sales commission paid to a director of a subsidiary Mr. Zane Masao Ernest Yoshida   | 43,590     | -          | -          | -          |

**(ii) Compensation of key management personnel**

|   | GROUP            |                  | COMPANY        |                |
|---|------------------|------------------|----------------|----------------|
|   | 2009<br>RM       | 2008<br>RM       | 2009<br>RM     | 2008<br>RM     |
| Salaries and other short-term employee benefits | 1,486,065        | 1,508,727        | 958,889        | 740,876        |
| Estimated money value of benefit-in-kind        | 23,850           | 34,100           | 17,350         | 27,600         |
|   | <u>1,509,915</u> | <u>1,542,827</u> | <u>976,239</u> | <u>768,476</u> |

Key management personnel comprises the Board of Directors of the Company and of its subsidiaries.

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly.

**32. FINANCIAL INSTRUMENTS****Financial risk management objectives and policies**

The Group's financial risk management policy seeks to ensure that adequate resources are available for the development of the Group's business whilst managing its credit, interest rate, foreign currency exposure and liquidity risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

**Credit risk**

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associates to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument.

**Interest rate risk**

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. Interest rates of borrowings are mainly subject to fluctuations in the banks' base lending rates. Borrowings are secured from banks which offer the most competitive rates.

The information on repricing or maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

**Foreign currency risk**

The objectives of the Group's foreign exchange policies are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks. However the Group does not hedge its foreign currency risk exposure.

**Liquidity risk**

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

**Fair values**

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company as at balance sheet date approximate their fair values except for the followings :

|                                 | <b>GROUP</b>                |                       | <b>COMPANY</b>              |                       |
|---------------------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|
|                                 | <b>Carrying<br/>amounts</b> | <b>Fair<br/>value</b> | <b>Carrying<br/>amounts</b> | <b>Fair<br/>value</b> |
| <b>Financial assets</b>         |                             |                       |                             |                       |
| At 31 December 2009             |                             |                       |                             |                       |
| Amount due from<br>subsidiaries | -                           | -                     | 9,441,874                   | #                     |

|                              | GROUP            |            | COMPANY          |            |
|------------------------------|------------------|------------|------------------|------------|
|                              | Carrying amounts | Fair value | Carrying amounts | Fair value |
| At 31 December 2008          |                  |            |                  |            |
| Amount due from an associate | 877              | #          | 877              | #          |
| Amount due from subsidiaries | -                | -          | 9,065,984        | #          |

#### Financial liabilities

|                            |           |           |           |         |
|----------------------------|-----------|-----------|-----------|---------|
| At 31 December 2009        |           |           |           |         |
| Amount due to subsidiaries | -         | -         | 81,796    | #       |
| Long term borrowings       | 2,573,078 | 2,357,409 | -         | -       |
| At 31 December 2008        |           |           |           |         |
| Amount due to subsidiaries | -         | -         | 1,412,269 | #       |
| Long term borrowings       | 3,744,492 | 3,292,392 | 573,744   | 505,847 |

# It is not practical to estimate the fair values of related and associated companies balances due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The fair value of hire purchase payables and term loans are estimated using discounted cash flows analysis, based on current incremental borrowing and lending rates for similar types of lending and borrowings arrangements.

### 33. EVENT AFTER THE BALANCE SHEET DATE

On 12 March 2010, the Company acquired 165,000 ordinary shares of RM1 each, representing 55% equity interest in TFH Corporate Sdn. Bhd. for a total cash consideration of RM165,000.

