

STABILITY



MEDA INC  
(Company No.: 507785-P)

CONTINUOUS GROWTH



RELIABILITY



2009  
ANNUAL REPORT



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leading



innovative



integrity



## OUR VISION

To establish the Group's reputation as a pioneer in perfecting innovative development concept and a leading developer of projects with excellent location and value.

## OUR MISSION

To create and introduce innovative concepts and solutions to all the Company's businesses via exemplary and dynamic leadership and consultative networking.

To strive and thrive hard in order to achieve excellence and carve a reputation as an 'innovative, reliable and dependable' developer.

To constantly provide expedient and effective services to our customers at all levels of operations.

To continually deliver good and quality products as promised and on time.

To create, develop and provide challenging and rewarding careers for all employees as well as safeguard and enhance the interests of the stakeholders.

To remain creative, firm, adventurous and dynamic as a leading developer.





## CORPORATE PROFILE

Meda started its operations in 1993 and was listed on the Main Board of the Bursa Malaysia Securities Bhd under the property sector on 19th March 2002. The Group's core activities are property development, investment of properties and hotel business. The Group has successfully completed the development of several properties such as The Summit Subang USJ, The Summit Bukit Mertajam and 10 Semantan. The existing projects of the Group comprise 'Nusa Dusun Orchard Resort', Kuala Linggi, Melaka and 'Aman Larkin', Johor Bahru.

Strong customer orientation and innovative products and services are the foundation of Meda's business. Meda is committed to the timely delivery of quality products and services. Meda aspires to be a leader in the market by adding value in its core businesses and meeting customers' needs.

The Group views its human capital as the primary source of success towards achieving its vision and mission. The Group's employees have diverse educational and operational background and are capable to lead the Group. The overall thrust of Meda Human Resource Strategy is to recruit, reward and retain the best employees.

As Meda moves ahead, it will continue to focus on creating innovative concepts and solutions to its customers and stakeholders whilst maintaining the highest degree of professionalism and integrity.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Dr. Mohd Ariff Bin Araff**  
*Independent Non-Executive  
Director / Chairman*

**Dato' (Dr.) Teoh Seng Foo**  
*Non-Independent Non-Executive  
Director / President*

**Teoh Seng Kian**  
*Executive Director*

**You Kong Hean**  
*Executive Director /  
Chief Executive Officer*

**Kee Lian Yong**  
*Independent Non-Executive  
Director*

**Ooi Giap Ch'ng**  
*Independent Non-Executive  
Director*

**Mohd Nor Bin Ibrahim**  
*Independent Non-Executive  
Director*

## COMPANY SECRETARY

**Tan Shim Chieng**  
**(MAICSA 7013540)**

## REGISTERED OFFICE

No. 11, USJ Sentral  
Jalan USJ Sentral 3  
Persiaran Subang  
47600 Subang Jaya  
Selangor Darul Ehsan  
Malaysia  
Tel : 603-8024 8866  
Fax : 603-8023 5300 /  
603-8023 7128  
Website : [www.meda.com.my](http://www.meda.com.my)

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad

## AUDITORS

Baker Tilly Monteiro Heng  
Monteiro & Heng Chambers  
22, Jalan Tun Sambanthan 3  
50470 Kuala Lumpur  
Tel : 603-2274 8988  
Fax : 603-2260 1708

## REGISTRAR

Symphony Share Registrars Sdn Bhd  
Level 6, Symphony House  
Block D13  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor  
Tel : 603-7841 8000  
Fax : 603-7841 8008

## BANKERS

AFFIN BANK BERHAD  
ALLIANCE BANK MALAYSIA BERHAD  
CIMB BANK BERHAD  
MALAYAN BANKING BERHAD  
PUBLIC BANK BERHAD  
SME BANK BERHAD

# CORPORATE STRUCTURE



MEDA INC  
(Company No.: 507785-P)

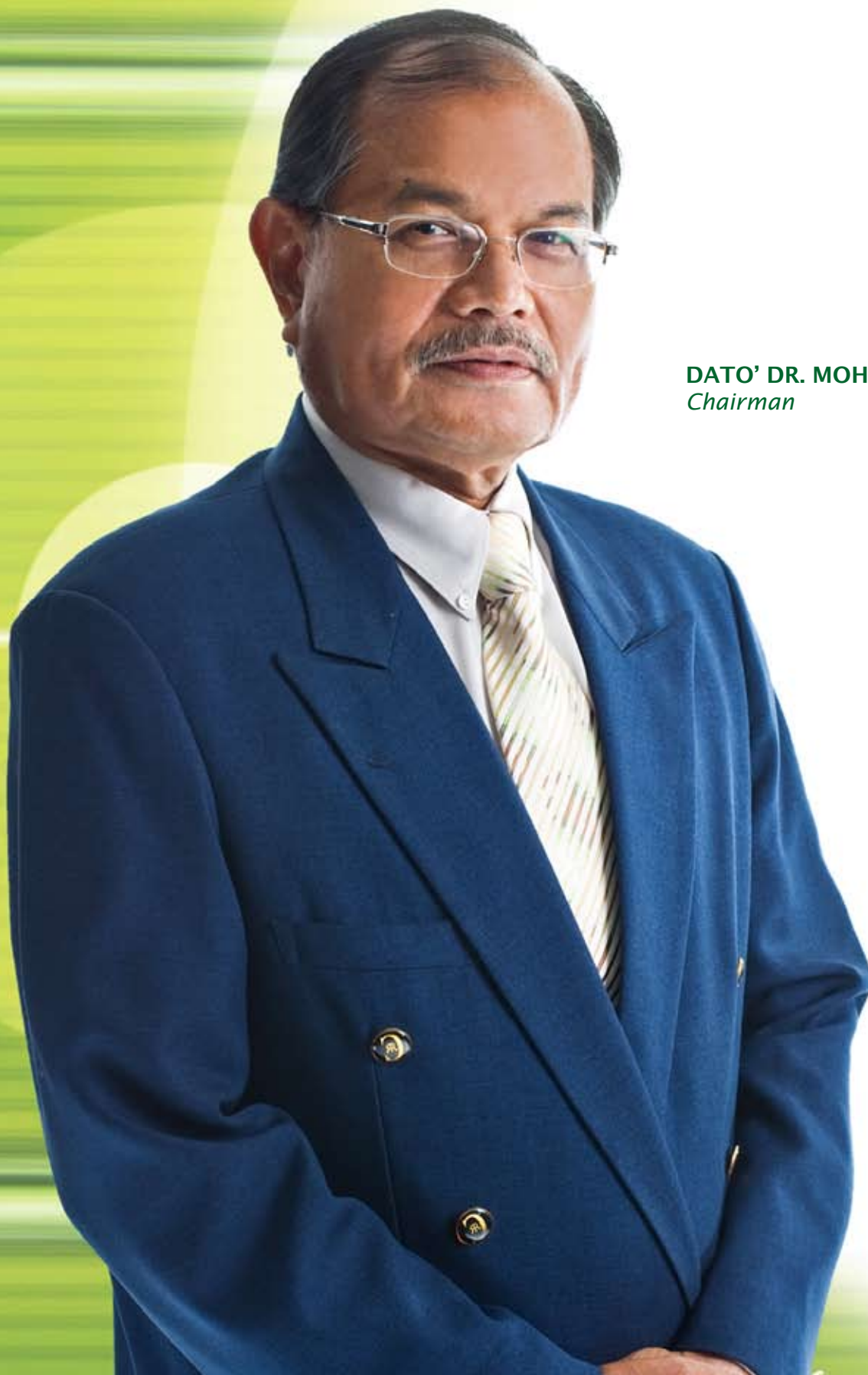
100%	Meda Development Sdn Bhd
100%	ZKP Development Sdn Bhd
100%	Cemerlang Land Sdn Bhd
100%	Everlasting Growth Sdn Bhd
100%	Impressive Performance Sdn Bhd
100%	Golden Sceptre (MM2H) Sdn Bhd
100%	Meda Project Management Sdn Bhd
100%	Meda Realty Sdn Bhd
100%	MIB Construction Sdn Bhd
100%	Nandex Land Sdn Bhd
100%	Litaran Bayu Sdn Bhd
100%	Nandex Development Sdn Bhd
⋮ .....	100% Xperential Dynamics Sdn Bhd
100%	Sri Lingga Sdn Bhd
⋮ .....	40% Nusarhu Sdn Bhd



A full-page background image featuring a dirt path that leads from the foreground, through tall, vibrant green grass, towards a distant blue ocean. The sky above is a deep, clear blue with a few wispy clouds near the horizon. The text is centered in the middle of the image.

NURTURE TO  
EXPLORE NEW MARKETS

## CHAIRMAN'S STATEMENT



**DATO' DR. MOHD ARIFF BIN ARAFF**  
*Chairman*



**DEAR VALUED SHAREHOLDERS,**

**IT IS MY PLEASURE, ON BEHALF OF THE BOARD OF DIRECTORS OF MEDA INC. BERHAD (“THE COMPANY”) TO PRESENT TO YOU THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009.**

## **FINANCIAL HIGHLIGHTS**

For the year ended 31st December 2009, the Group recorded a net after-tax loss of RM23.5 million on the back of revenue amounting to RM48.4 million, as compared with a net loss of RM20.6 million on revenue of RM56.3 million for year 2008. The higher net loss registered in the current year was due mainly to the full-year allowance for the shortfall in minimum net income guarantee amounting to RM8.8 million and provision for doubtful debts of RM9.9 million arising from the Group’s disposal of its entire shareholding in a subsidiary entity, viz. Kota Malim Sdn Bhd.

The Group’s assets and shareholders’ fund stood at RM307.1 million and RM136.6 million respectively as at 31st December 2009. The gearing ratio of the Group improved from 0.48 times as at 31st December 2008 to 0.41 times during the year under review.

## **CORPORATE DEVELOPMENTS**

On 17th April 2009 the Group completed the disposal of its entire equity interest in Kota Malim Sdn Bhd (KMSB), a sub-subsidiary company, for a cash consideration of RM2.0 million. Upon the disposal, KMSB ceased to be a subsidiary of the Group. The Group also completed the disposal of 60% equity interest in Performance Sciences Sdn Bhd on 6 November 2009 for a cash consideration of RM99,000. Through this disposal Performance Sciences (M) Sdn Bhd, an associate company of Performance Sciences Sdn Bhd, was also effectively disposed off.

On 9 September 2009, the Group terminated the Share Sale Agreement (“SSA”) pertaining to the proposed acquisition of Hadhari Cattle Industry Sdn Bhd. The termination was due to non-fulfillment of conditions precedent to the SSA.

Apart from the aforementioned, there were no other material changes in the composition of the Group during the year.

## CHAIRMAN'S STATEMENT

### OPERATIONS REVIEW

#### PROPERTY DEVELOPMENT

##### Aman Larkin Mixed Development, Johor

This flagship housing and commercial mixed-development project is undertaken by Cemerlang Land Sdn Bhd, a wholly-owned subsidiary of the Group. The project comprises 62 acres of land located in the well-developed precinct of Larkin within Johor Bahru, the capital of Johor. Phase 1 and 2 of this project, comprising a total 74 units of 2½-storey terrace houses were fully sold. Ahead of scheduled delivery, Phase 1 is due for vacant possession within the 2nd half of 2010 while construction works under Phase 2 is progressing well. Spurred on by the success of Phases 1 and 2, Cemerlang Land Sdn Bhd launched Phase 3 in January 2010. This phase, spanning an area of 16.2 acres, comprises 105 units of 2½ storey terrace house and 10 units of 2-storey shop offices.



Aman Larkin Phase 1 - 2 ½ storey terrace house - completed ahead of schedule



Aman Larkin Phase 2 - 2 ½ storey terrace house in progress



Aman Larkin Phase 3 - 2 ½ storey sample house

As the project falls within Zone A of the Iskandar Development Region (IDR), the Government's initiative of heavily promoting this region as a tourism centre and an economic hub is expected to have a positive effect on the success of Phase 3. This is evidenced by the fact that 41 units in Phase 3 have already been sold, whilst the ongoing sales of the units in Phases 3 are very encouraging. To date, the 2-storey shop offices were fully sold.



Aman Larkin Phase 3 - 2 ½ storey sample house



Aman Larkin 10 units shop office in progress



Aman Larkin low cost apartment in progress

## CHAIRMAN'S STATEMENT

### Nusadusun Orchard Resort, Melaka

Conceptualised as an eco-resort farmstay, Nusadusun Orchard Resort is located near the sleepy coastal town of Kuala Linggi, Melaka. Amidst its idyllic surroundings, Nusadusun has all the potential to be a truly attractive eco-resort being accessible by road within minutes from the bustling beaches of Port Dickson and 1 ½ hours from Kuala Lumpur.



In view of the weak demand for resort homes, the Group had deferred the launch of Phase 3 comprising 342 units of “kampong” bungalows and/or bungalow lots. Instead, the Group proceeded with its plan to utilize a parcel of approximately 50 acres of undeveloped land for developing bird houses for sale. The bird houses are meant for swiftlet farming, the end-product of which is the highly prized and sought-after bird’s nest.





## CHAIRMAN'S STATEMENT

### HOTEL OPERATIONS

#### Summit Hotel Subang USJ



The Group continues to operate 3 hotels in the year under review i.e. The Summit Hotel USJ in Subang Jaya, The Summit Hotel, Bukit Mertajam and The Peninsula Residence in Damansara, Kuala Lumpur. Revenue generated from the Group's hotel operations amounted to RM30.8 million for the year 2009. The hotel operations will continue to contribute positively to the Group's performance in year 2010.

#### Summit Hotel Bukit Mertajam



#### Peninsula Residence All Suite Hotel Kuala Lumpur



## CHAIRMAN'S STATEMENT

### PROPERTY INVESTMENT

Revenue from the Group's property investments amounted to RM3.68 million in year 2009 is derived from rental income from the Complex and Office Tower of The Summit Bukit Mertajam property, as well as from commercial units at the 10 Semantan in Damansara Heights, Kuala Lumpur.

### FUTURE PROSPECT

Year 2009 was a challenging time for the Group, as borne out by the operating results presented in this Report. Concomitant with many other property development companies in the country, the Group has had to operate within difficult business conditions as a result of the effects brought about by the global financial crisis.

I am however encouraged by early signs of an economic recovery appearing in Malaysia as well as her major trading partners. In the meantime, the Group will continue to proceed with caution in identifying the type and location of projects to undertake. At the same time, operating costs will be closely managed to ensure that the Group's financial performance will be kept on track.

### DIVIDEND

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the year under review.

### APPRECIATION

On behalf of the Board of Directors, I would like to convey my deep and sincere appreciation to our valued shareholders, customers, business associates, consultants, bankers, government agencies, local authorities for their continuing support and confidence in the Group.

Likewise, my sincere thanks and gratitude are accorded to the management, staff and fellow Board members for their efforts and contribution to the Group in the course of a challenging year 2009.

**DATO' DR. MOHD ARIFF BIN ARAFF**  
Chairman



## BOARD OF DIRECTORS

**Standing from left to right:**

**Ooi Giap Ch'ng**

**Kee Lian Yong**

**You Kong Hean**

**Mohd Nor Bin Ibrahim**

**Sitting from left to right:**

**Dato' (Dr.) Teoh Seng Foo**

**Dato' Dr. Mohd Ariff Bin Araff**

**Teoh Seng Kian**







## DIRECTORS' PROFILE

### **DATO' DR. MOHD ARIFF BIN ARAFF**

*Chairman (Independent / Non-Executive) - Malaysian*

Dato' Dr. Mohd Ariff Bin Araff, aged 65, was appointed to the Board as a Director and Chairman on 2 November 2009. He holds a PhD. (Electrical Engineering) from Brunel University, United Kingdom, Bachelor of Science Engineering (Hons.) from University of Brighton in United Kingdom, MIEM (Malaysia), P.Eng., MIEEE, C. Eng. (United Kingdom), MIEEE (USA), SMP (Harvard), AMP (INSEAD), DSNS, SPTJ.

Dato' has extensive experience in Electric Utility Engineering and Management. He has worked in various capacities in Generation, Transmission and Distribution Divisions of Tenaga Nasional, the biggest electric utility in Malaysia. In the 32 years he has worked with Tenaga Nasional, Dato' has completed many varied assignments in areas of Generation and Transmission Projects, Generation Operation, Utility Planning, Transmission and Distribution Management, IT Applications in Distribution, Corporate Management, Research and Development and Commercialization of Research Products.

Retired from TNB in April 2000 as Managing Director/CEO of TNB Research and was reappointed as an Advisor to TNB Research on contract basis for two years and was appointed as a Director to the Board of TNB Research Sdn. Bhd. from 1997 until now. He is a member of ASEAN Working Group on Utility Standards as well as the Working Group on Research, Development and Engineering. Internationally, he is a registered UNIDO Expert on Energy Audit and Energy Conservation and UNCTAD Expert on Power Generation and Transmission Equipments.

In 1998, Dato' was appointed as a Board Member of Malaysia Energy Centre (Pusat Tenaga Malaysia-PTM) till recently. Using his vast experiences in Power Engineering and Management, he helps to steer PTM to become a premier Power Research Institute. He was appointed Chairman of MIMOS Berhad, a premier government-owned R&D establishment for ICT since October 2000 until 30th December 2004. In 2002 while as Chairman of MIMOS, he was conferred the prestigious award SPTJ.

Dato' is Co-Chairman of Doble International Engineering Committee (USA) for Transformers. He was once the President of TNB Senior Officers Association (a Trade Union) and currently holds several positions as Advisor/Chairman/Board Member of private corporations and banking institutions. He currently sits on the Board of Litespeed Education Technologies Berhad and Grand-Flo Solution Berhad.

Dato' is the Chairman of the Nominating Committee of the Company.

Dato' does not hold any shares in the Company and subsidiaries.

## DIRECTORS' PROFILE

### DATO' (DR.) TEOH SENG FOO

*President (Non-Independent / Non-Executive) - Malaysian*

Dato' (Dr.) Teoh Seng Foo, aged 54, was appointed to the Board as President on 28 December 2001 and re-designated to non-executive position on 1 May 2007. Dato' was appointed Chairman of the Board on 29 June 2007 and re-designated to President on 2 November 2009.

An accountant by profession, Dato' is a Chartered Accountant with the Malaysian Institute of Accountants, a Chartered Management Accountant and Fellow Member of the Chartered Institute of Management Accountants, United Kingdom.

Dato' has wide corporate experience, having held senior management positions in multi-nationals such as Intel Technology, Woodward & Dickerson Inc., PricewaterhouseCoopers and Esquel Group.

Dato' was conferred the Honorary Doctorate in Business Administration by University of Abertay Dundee, United Kingdom. Currently, Dato' is also a Patron of the University of Abertay Foundation based in United Kingdom.

Locally, Dato' is the Senior Advisor to Yayasan Pendidikan Bestari and Centre for Education Opportunities Berhad. He is also the Chairman of Eduspec Sdn Bhd and Youtheme Online Sdn Bhd, both involved in promotion of e-learning in schools.

Presently, Dato' holds board positions in SEG International Berhad and EcoFirst Consolidated Berhad as President / Executive Director respectively.

Dato' is the Chairman of the Executive and Remuneration Committees of the Company.

Dato' is a brother to Teoh Seng Aun, a substantial shareholder of the Company and Teoh Seng Kian, the Director cum substantial shareholder of the Company.

Dato' has not entered into any transaction, whether directly or indirectly, which have a conflict of interest with the Company, other than those disclosed in Note 40 in the accompanying financial statements.



## DIRECTORS' PROFILE

### TEOH SENG KIAN

*Director (Non-Independent / Executive) - Malaysian*

Teoh Seng Kian, aged 50, was appointed to the Board on 28 December 2001. He graduated with a Bachelor of Engineering (Mechanical) degree from Australia in 1984.

He started his career with an Australian company specializing in manufacturing of building materials. Upon returning to Malaysia, he served as a director in a company involved in quarrying and infrastructure construction. He has been with the Meda Inc. Group since 1993 as the Group Project Director. He is currently an alternate director of EcoFirst Consolidated Berhad.

He is also the Chairman of the Risk Management Committee and a member of the Executive and Tender Committees of the Company.

He is a brother to Dato' (Dr.) Teoh Seng Foo, the Chairman cum substantial shareholder and Teoh Seng Aun, a substantial shareholder of the Company.

He has not entered into any transaction which have a conflict of interest with the Company, other than those disclosed in Note 40 in the accompanying financial statements.

## DIRECTORS' PROFILE

### YOU KONG HEAN

*Chief Executive Officer (Non-Independent / Executive) - Malaysian*

You Kong Hean, aged 50, was appointed to the Board on 28 February 2008 as the Chief Executive Officer of the Company. He is a Mechanical Engineer by profession and an incorporated member of IEM. He also holds a MBA (Entrepreneurship).

He started his career as a M & E Engineer in 1983 from which time he had undertaken various construction and engineering works in the property and construction industries.

He has garnered a rich background in the areas of business development, contract administration, property development, project management (construction and engineering industry) and water concessionaire in Asia covering countries such as China, Vietnam, Cambodia, Sri Lanka and Malaysia.

He had been the Executive Director for Shandong Changle Salcon Water Supply Co. Ltd. and subsequently the Executive Director for a property company before joining the Group.

He is also the Chairman of the Tender Committee and a member of the Executive and Risk Management Committees of the Company.

He does not hold any shares in the Company and subsidiaries.

## DIRECTORS' PROFILE

### KEE LIAN YONG

*Director (Independent / Non-Executive) - Malaysian*

Kee Lian Yong, aged 54, was appointed to the Board on 28 February 2008. He is a Chartered Accountant with the Malaysian Institute of Accountants.

He has held senior management positions in several public listed companies before venturing into business and has wide experience in corporate and management. He was a director of SEG International Berhad and SYF Resources Berhad and Chief Executive Officer of EcoFirst Consolidated Berhad until the year 2005. He then joined Metroplex Berhad and was appointed as Managing Director/ Chief Executive Officer from year 2005 to 2007. He is currently employed on a contract basis with a statutory body.

He is the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company.

He does not hold any shares in the Company and subsidiaries.



## DIRECTORS' PROFILE

### OOI GIAP CH'NG

*Director (Independent / Non-Executive) - Malaysian*

Ooi Giap Ch'ng, aged 51, was appointed to the Board on 28 December 2001. He graduated with a Bachelor of Law degree and a Bachelor of Economics degree from the Australian National University and was called to the Malaysian Bar in 1987. He has more than 23 years' experience in law practice, mainly in area of commercial, property and corporate law. He is partner of a legal firm in Kuala Lumpur. He currently sits on the Board of CME Group Berhad and Infortech Alliance Berhad.

He is also a member of the Audit, Nominating and Remuneration Committees of the Company.

He does not hold any shares in the Company and subsidiaries.

## DIRECTORS' PROFILE

### MOHD NOR BIN IBRAHIM

*Director (Independent / Non-Executive) - Malaysian*

Mohd Nor Bin Ibrahim, aged 52, was appointed to the Board on 22 October 2008. He graduated with a Diploma in Marketing from Institute of Marketing, United Kingdom in 1985. He also holds a Postgraduate Diploma in Management Studies from Council of National Academy Awards, United Kingdom.

He has wide experience in operations, finance and corporate services. He was a senior management staff from PSC Industries Berhad and Putera Capital Berhad, among others. He is currently a director of a few private limited companies.

He is the member of the Audit and Nominating Committees of the Company.

He does not hold any shares in the Company and subsidiaries.

Save as disclose above, none of the Director has:

- any family relationship with any Director and/ or major shareholder of the company;
- any conflict of interest with the company; and
- any conviction for offences within the past 10 years other than traffic offences, if any.

## CORPORATE SOCIAL RESPONSIBILITIES

### CARING FOR THE OLD FOLKS IN KAJANG

Chinese New Year is a time of joy and hope for the new lunar year and the staff of Summit Hotel Subang USJ did not miss the opportunity to spread joy. On 7th February 2009, the staff paid a visit to **Persatuan Rumah Caring Kajang, Selangor** and presented each of the residents with a basket of hamper and an Ang Pow. They were also treated to a delicious buffet lunch prepared by the hotel.



### THE GIVING SPIRIT OF SUMMIT HOTELS & RESORTS

In the spirit of giving during the Holy month of Ramadhan, Summit Hotels & Resorts invited residents from several orphanages to attend the breaking of fast at our hotels.

### SUMMIT HOTEL BUKIT MERTAJAM

On 24th August 2009, children from **Rumah Anak Yatim Bakti, Kepala Batas** had an enjoyable time during Buka Puasa. About 60 children and guardians attended the event and they were feted by the caring Hotel Directors, head of departments and staff. They were also taken for a tour of the hotel rooms, other hotel facilities and kitchen area to create awareness of the hotel day to day operation with the hope that they will be inspired to work in the hotel industry in future. The hotel presented each child with 'Duit Raya' and a stationeries set together with some sundries for the home. All present were also treated to an appetizing buffet dinner specially prepared by the kitchen staff.

### PENINSULA RESIDENCE ALL SUITE HOTEL KUALA LUMPUR

Children from **Rumah Silaturrahim Nurul Qanaah, Batu Caves** were thrilled to be invited for a Buka Puasa treat on 27th August 2009. 30 children and 2 guardians attended the event and they were entertained by Hotel Directors, head of departments and staff. In addition to that, a special appearance by the 10 finalist of 'Gadis Melayu' (TV9 top 5 reality show program) during dinner had put a big smile on the children. The hotel presented these special guests with 'Duit Raya', a stationeries set each and some sundries for the home. All present were served with a scrumptious buffet dinner.





## CORPORATE SOCIAL RESPONSIBILITIES

### SUMMIT HOTEL SUBANG USJ

On 31st August 09, children from **Rumah Amal Limpahan Kasih, Puchong** were invited to the hotel for a special “Buka Puasa” treat. All in all, 50 children and 5 guardians were delighted to be invited to this event. They were welcomed and served by the Hotel Directors, head of departments and staff. The hotel generously presented the children with ‘Duit Raya’ and some sundries for the home. The hotel chef prepared a delicious buffet dinner for the attendees. The children were fortunate to meet up with the Menteri Besar Selangor, Tan Sri Abdul Khalid Ibrahim who was attending another function in the hotel that night.



### LIGHTS OF CHARITY FOR DEEPAVALI BY SUMMIT HOTEL SUBANG USJ & PENINSULA RESIDENCE ALL SUITE HOTEL KUALA LUMPUR

On 16th October 2009, children and old folks **Pusat Jagaan Kasih Keluarga, Klang** had an memorable time on the eve of Deepavali with the caring management and staff of Summit Hotel Subang USJ and Peninsula Residence All Suite Hotel. A total of 40 children and old folks at the home were taken by surprise by the unexpected visit of the Hotel Directors, head of departments and staff of our hotels. The residents of the home were very happy with the beautifully decorated ‘Kolum’ at the entrance of the house put-up by the hotel management staff ahead of deepavali celebration. Both hotels also presented the children with some pocket money and sundries for the home. A scrumptious buffet Hi-Tea was served to all during the event.



### “TIS IS A SEASON TO BE JOLLY” FOR PUSAT PENJAGAAN KANK-KANAK CACAT TAMAN MEGAH

On 22nd December 2009, it was “Tis is a season to be jolly” for children in **Pusat Penjagaan Kanak-Kanak Cacat Taman Megah, Petaling Jaya** as both hotels Summit Hotel Subang USJ and Peninsula Residence All Suite Hotel Kuala Lumpur paid a visit to their house. Both hotel management and JCC members sang Christmas carols, gave out some goodies to the children and contributed some sundries to the home. They were treated to a rare performance of “magic show” arranged by the hotels. The children and staff of the Pusat Penjagaan were feted to an array of delicious spread of buffet Hi-tea.



# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") is fully committed to ensure that good corporate governance is practiced throughout the Group in accordance with the Malaysian Code on Corporate Governance ("Code") to enhance shareholders' value and the financial performance of the Group.

The following paragraphs describe how the Group has applied the principles set out in the Code.

## A BOARD OF DIRECTORS

### Composition and Balance

The Board comprises two (2) Executive Directors and five (5) Non-Executive Directors of whom four (4) are independent which is in compliance with paragraph 15.02 of Bursa Securities Listing Requirements in respect of the board composition. The Independent Non-Executive Director provides for effective check and balance in the functioning of the Board as well as ensuring corporate accountability as they provide an essential source of impartial and professional advice and judgement. The profiles of the members of the Board are provided in the Annual Report.

The Board comprises Directors from different professional backgrounds and collectively bring with them depth and diversity in experience and expertise to the Group's operations. The Directors' wide-ranging experience and expertise provide the Group with the strategic thinking which is vital for the success of the Group.

There is a clear division of responsibilities between the Chairman and the Chief Executive Officer (CEO)/ Executive Director to ensure a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and standards of conduct. The CEO has overall responsibility for the Group's business operations, organizational effectiveness and the implementation of Board policies and decisions.

Generally, the Executive Directors are responsible for making and implementing operational and corporate decisions. Non-Executive Directors play key supporting roles, contributing their knowledge and experience towards the formulation of policies and the decision-making process. They do not engage in day-to-day management of the Company and do not participate in any business dealings and are not involved in any other relationship with the Company. This is to facilitate the Non-Executive Directors to discharge their duties and responsibilities effectively, void of conflict of interest situations.

Where a potential conflict of interest may arise, it is mandatory practice for the Director concerned to declare his interest and abstain from the decision-making process.

### Board Meetings

The Board schedules at least four (4) meetings a year at quarterly intervals. Board meetings are also held when warranted by situations such as to deliberate urgent proposals or matters that require the expeditious direction of the Board.

During the financial year under review, the Board met five (5) times and the attendance record for each Director is as follows:-

Name of Directors	Total Attendance	% of Attendance
Dato' Dr. Mohd Ariff bin Araff ( <i>appointed on 2.11.09</i> )	1/1	100
Dato' (Dr.) Teoh Seng Foo	5/5	100
Teoh Seng Kian	4/5	80
You Kong Hean	5/5	100
Kee Lian Yong	5/5	100
Ooi Giap Ch'ng	5/5	100
Mohd Nor bin Ibrahim	5/5	100

## STATEMENT ON CORPORATE GOVERNANCE

Dates for Board and Board Committee meetings for 2009 were scheduled in advance and in consultation with the Board, particularly meetings to consider the announcement of quarterly and annual financial results, internal audit annual plan and audit planning memorandum.

The Board ensures that its decision as well as the deliberations and issues discussed before arriving at those decisions are properly documented.

### **Supply of Information**

The Directors have full and timely access to all information pertaining to the Group's business and affairs to enable them to discharge their duties.

All Directors are provided with the agenda together with Board papers in advance of Board Meetings to enable them to consider and deliberate knowledgeably on issues and to facilitate informed decision making.

The Directors are also given sufficient time to obtain further explanation or clarification. In furtherance of their duties, the Directors have access to the advice and services of the Company Secretary and to all information within the Company whether as a full Board or in their individual capacity.

The Board is regularly updated and advised by the Company Secretary on new statutes and directives issued by regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities. The Company Secretary also serves notice to the Directors on closed period for trading in Meda shares, in accordance with the black-out periods stated in Bursa Securities Listing Requirements.

Where necessary, the Directors are at a liberty to engage independent professionals for advice at the Company's expense to enable them to discharge their duties with full knowledge of the cause and effect.

### **Board Committees**

The Board has delegated specific responsibilities to the established board committees. Each committee operates under their respective approved terms of reference. These committees have the authority to examine particular issues and report to the Board their recommendations. The ultimate responsibility for the decisions lies with the Board. These committees are :-

#### **a) Audit Committee**

The composition, terms of reference of the Audit Committee are set out separately in the Audit Committee Report.

## STATEMENT ON CORPORATE GOVERNANCE

### b) Nominating Committee

The Board considers that the membership of the Committee is in compliance with the Code's recommendation. The Committee meets once a year to, among others recommends candidates with an optimal mix of qualifications, skills and experience to the Board. The Committee also carries out documented annual evaluation on the effectiveness of the whole Board, the various Committees and each individual Directors, including Independent Non-Executive Directors' contribution to the effectiveness of the Board's decision-making process.

The members of the Committee are:

1. Dato' Dr. Mohd Ariff bin Araff – Chairman (appointed on 2.11.09)  
(Independent Non-Executive Director)
2. Ooi Giap Ch'ng  
(Independent Non-Executive Director)
3. Mohd Nor Bin Ibrahim  
(Independent Non-Executive Director)

### c) Remuneration Committee

The membership of the Committee has not changed since the last report. The Board considers that the membership of the Committee is in compliance with the Code's recommendation. The Committee meets once a year to deliberate on the remuneration framework and make recommendations to the Board on structuring Directors' remuneration package. The Executive Directors do not participate in decisions relating to their remuneration. The Board as a whole determines the remuneration of Non-Executive Directors with the Director concerned abstaining from participating in decisions in respect of his individual remuneration.

The remuneration (inclusive of basic salary and benefits-in-kind) for each Executive Director is recommended by the Remuneration Committee, taking into account the individual responsibility, contribution and performance, additional responsibilities of the Directors, as well as the performance of the company and the market-rate for similar positions in comparable companies.

For Non-Executive Directors they are paid annual fees and meeting allowance of RM1,000 each meeting that they attend, this level of remuneration is reflective of their experience and level of responsibilities.

The member of the Committee comprises the following:-

1. Dato' (Dr.) Teoh Seng Foo - Chairman  
(Non Independent Non-Executive Director)
2. Ooi Giap Ch'ng  
(Independent Non-Executive Director)
3. Kee Lian Yong  
(Independent Non-Executive Director)



## STATEMENT ON CORPORATE GOVERNANCE

The details relating to the remuneration of Directors of the Company for the financial year under review are as follows:

	Salary (RM)	Fees (RM)	Meeting Allowances (RM)	Benefits in kind (RM)	Statutory Contribution (RM)	Total (RM)
Executive Directors	492,000	-	-	10,256	60,280	655,040
Non-Executive Directors	-	153,000	37,000	-	-	190,000

The number of Directors whose total remuneration fall within the following bands:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	4
RM50,001 to RM100,000	-	1
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	1	-
RM300,001 to RM350,000	1	-
RM350,001 to RM400,000	-	-

### Directors' Training

All Directors have attended and completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. The Board is mindful that they should continually attend education programmes and seminars to keep abreast with developments in the market place as well as new regulations and statutory requirements.

The Board encourages its Directors to attend talks, seminars, workshop and conferences to update and enhance their skills and knowledge to enable them to carry out their roles effectively as Directors in discharging their responsibilities towards corporate governance, operational and regulatory issues.

During financial year ended 31 December 2009, the courses attended by Directors were in relation to corporate governance, financial, internal audit and risk management. In addition, Directors education also includes briefings by the External Auditors and the Company Secretary on the relevant updates on statutory and regulatory requirements from time to time during the Audit Committee meetings and Board meetings.

## STATEMENT ON CORPORATE GOVERNANCE

Talks, seminars and training programmes attended by Directors in 2009 are as follows:-

Corporate Governance	<ul style="list-style-type: none"><li>• High Level Forum for Directors of Listed Issuers in Enhancing Corporate Governance</li><li>• Corporate Governance –Directors’ Duties</li><li>• A Turning Point for Corporate Governance</li><li>• Forum by Public Listed Companies: Corporate Governance Best Practices</li><li>• Corporate Governance Guide: Towards Boardroom Excellence</li><li>• Corporate Governance: Lessons from Hong Kong</li></ul>
Finance	New Updates on Malaysian Financial Reporting Standards & Corporate Governance: Constructing an Effective Board
Internal Audit	Internal Auditing: Assurance and Value Creation
Risk Management	Risk Action Planning: The Missing Element in an ERM Framework
Corporate Responsibility	Corporate Responsibility Overview and Identifying Corporate Responsibility Risks and Opportunity for Companies

### Re-election

All Directors will retire at regular intervals by rotation once at least every three (3) years and they shall be eligible for re-election.

In accordance with the Articles of Association of the Company, all Directors who are appointed by the Board during the year are subject to election by shareholders at the forthcoming annual general meeting.

## B RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Group recognises the importance of keeping shareholders and investors informed of the Group’s business activities, corporate development and financial performance. Such information is disseminated via the Company’s Annual Report, quarterly financial results and various announcements made through Bursa Malaysia.

Shareholders and members of the public may access the Group’s website at [www.meda.com.my](http://www.meda.com.my) and Bursa Malaysia’s website to obtain the latest information on the Group. Queries or concerns regarding the Group may be directed to Mr. Kee Lian Yong, senior Independent Non-Executive Director.

### Annual General Meeting

The annual general meeting (AGM) remains the principal forum for dialogue with shareholders. It provides shareholders with an opportunity to seek clarifications on the Group’s business and performance. Shareholders are encouraged to meet and communicate with the Board at AGM and to vote on all resolutions.

## STATEMENT ON CORPORATE GOVERNANCE

### C ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The Company's financial statements are prepared in accordance with the requirements of the applicable approved Financial Reporting Standards ("FRS"), the approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board in Malaysia and the provisions of the Companies Act, 1965. The Board is responsible to ensure that the financial statements of the Group and the Company give a true and fair view of the state of affairs of the Group and the Company.

The Company presents the Group's financial results on a quarterly basis as well as on an annual basis via public announcements. The Audit Committee assists the Board to ensure accuracy and adequacy of all information for disclosure.

#### Internal Control

The Board is responsible for maintaining a sound system of internal control, which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines. A Statement on Internal Control of the Group is set out on Page 37 of the Annual Report.

The Board and Management developed an ongoing process for identifying, evaluating and managing significant risks that may be faced by the Company.

The Risk Management Committee comprises the following members:

1. Teoh Seng Kian (Chairman)
2. You Kong Hean
3. Koo Hoong Kwan

The purpose of the Risk Management Committee is to assist in:

- Maintaining integrity and confidence among shareholders and the public;
- Strengthening the Group's competitive, strategic and operational efficiency to enhance the shareholders' value;
- Minimizing unexpected adverse impact to earnings and returns to shareholders; and
- Safeguarding the assets and resources within the Group.

#### Relationship with Auditors

The Board through the establishment of an Audit Committee maintains a formal and transparent arrangement with the Company's auditors, both external and internal. The Audit Committee meets with the External Auditors at least twice a year without the attendance of Executive Directors and Management. These meeting(s) enabled exchange of views on issues requiring attention. The role of the auditors and their participation during the financial year are stated in the report of the Audit Committee of this Annual Report.

#### Compliance Statement

The Board is satisfied that in 2009 the Company has complied with the best practices of the Code.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are legally required to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year end of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have used appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgement and estimates, and that all accounting standards which they consider applicable have been followed during the preparation of the financial statements.

The Directors are responsible for ensuring that the Group keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with applicable approved accounting standards.

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



# AUDIT COMMITTEE REPORT

## MEMBERSHIP AND MEETINGS

The Audit Committee had 5 meetings during the year ended 31 December 2009. The members of the Audit Committee and the record of their attendance are as follows:-

Composition of Audit Committee Members	Number of Audit Committee Meetings		%
	Held	Attended	
Kee Lian Yong Chairman (Independent Non-Executive Director)	5	5	100
Ooi Giap Ch'ng (Independent Non-Executive Director)	5	5	100
Mohd. Nor Bin Ibrahim (Independent Non-Executive Director)	5	5	100

The Chief Executive Officer and Head of Internal Audit attended the meetings for the purpose of briefing the Audit Committee on the activities involving their areas of responsibilities.

The External Auditors were present at two (2) Audit Committee meetings during the financial year. The Audit Committee met twice with the external auditors separately, without the presence of management.

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### Membership

The Committee shall be appointed by the Board from amongst it's Directors (except alternate directors) which fulfils the following requirements:-

- (a) the audit committee must be composed of no fewer than three (3) members;
- (b) all the audit committee members must be non-executive directors, with a majority of them being independent directors; and
- (c) all members of the Committee should be literate in financial matters and at least one member of the audit committee:
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and;
    - (aa) he must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - (iii) fulfils such other requirements as prescribed or approved by the Exchange.

The members of the Committee shall select a chairman from among their number who shall be an independent director.

## AUDIT COMMITTEE REPORT

### TERMS OF REFERENCE OF THE AUDIT COMMITTEE (Cont'd)

#### Membership (cont'd)

The Board shall within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three (3) years.

#### Authority

The Committee shall, in accordance with the procedure determined by the Board and at the cost of the Company:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources, which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

#### Functions

The functions of the Committee shall include the following:

- (a) to review the following and report the same to the Board
  - (i) with the external auditor, the audit plan;
  - (ii) with the external auditor, his evaluation of the system of internal controls;
  - (iii) with the external auditors, his audit report;
  - (iv) the assistance given by the employees of the Company to the external auditor;
  - (v) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (vi) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (vii) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
    - (aa) changes in or implementation of major accounting policy changes;
    - (bb) significant and unusual events; and
    - (cc) compliance with accounting standards and other legal requirements;
  - (viii) any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (ix) any letter of resignation from the external auditors of the Company; and
  - (x) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and
- (b) to consider the nomination of a person or persons as auditors together with such other functions as may be agreed to by the Audit Committee and the Board of Directors.

## AUDIT COMMITTEE REPORT

### TERMS OF REFERENCE OF THE AUDIT COMMITTEE (Cont'd)

#### Meetings

Meetings of the Committee shall be held not less than four (4) times a year. The external auditors may request a meeting if they consider that one is necessary and shall have the right to appear and be heard at any meeting of the Committee. The Chairman shall convene a meeting whenever any member of the Committee requests for a meeting by giving not less than three (3) clear days notice thereof unless such requirement is waived by all members. Written notice of the meeting together with the agenda shall be given to the members and external auditor where applicable. The quorum for a meeting for the Committee shall be two (2), provided always that the majority members present must be independent directors.

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

The Committee meet with the external auditors without Executive Board members and Management present at least twice a year.

Other Board members and employees may attend any particular meeting only at the Committee's invitation.

The Chairman shall not have a casting vote.

#### Reporting procedures

The Secretary shall maintain minutes of the proceedings of the meetings of the Committee and circulate such minutes to all members of the Board.

### SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Audit Committee is empowered to carry out the following duties in accordance with its terms of reference:

- Reviewed the external auditors' scope of work and audit plans for the financial year. Prior to the audit, representatives from the external auditors presented their audit strategy and plan.
- Reviewed with the external auditors the results of the audit and the audit report.
- Reviewed the Group's internal audit plan.
- Assessed the effectiveness of the system of internal control of the Group by reviewing the internal audit reports and management responses and ensuring significant findings are adequately addressed by management.
- Reviewed the audited financial statements of the Company prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 1965 and the applicable Financial Reporting Standards in Malaysia ("FRS") the approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board.

## AUDIT COMMITTEE REPORT

### SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (Cont'd)

- Reviewed the Group's compliance in particular the quarterly and year-end financial statements with the Listing Requirements of the Bursa Malaysia Securities Berhad, FRS and other relevant legal and regulatory requirements.
- Reviewed pertinent issues of the Group which had a significant impact on the results of the Group.
- Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval. The review and discussions were conducted with the Group Managing Director, CEO and the Deputy General Manager, Corporate Finance & Accounts.
- Reviewed and report to the Board the extent of the Group's compliance with the provisions set out under Part 2 Guideline BB of the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement and Statement on Internal Control pursuant to the Bursa Malaysia Securities Berhad Listing Requirements.

### TRAINING

Listed below are the trainings which the members attended to keep abreast of latest developments:

Audit Committee Member	Trainings attended
Kee Lian Yong	<ul style="list-style-type: none"> <li>· High Level Forum for Directors of Listed Issuers in Enhancing Corporate Governance</li> </ul>
Ooi Giap Ch'ng	<ul style="list-style-type: none"> <li>· High Level Forum for Directors of Listed Issuers in Enhancing Corporate Governance</li> <li>· Forum on Corporate Governance Guide</li> </ul>
Mohd. Nor Bin Ibrahim	<ul style="list-style-type: none"> <li>· High Level Forum for Directors of Listed Issuers in Enhancing Corporate Governance</li> <li>· Forum on Corporate Governance Guide</li> <li>· Internal Auditing: Assurance and Value Creation</li> <li>· Forum by Public Listed Companies: Corporate Governance Best Practices</li> <li>· Risk Action Planning: The Missing Element in an ERM Framework</li> <li>· Corporate Responsibility Overview and Identifying Corporate Responsibility Risks and Opportunity for Companies</li> <li>· Corporate Governance Guide: Towards Boardroom Excellence</li> </ul>



## AUDIT COMMITTEE REPORT

### SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION DURING THE YEAR ENDED 31 DECEMBER 2009

The internal audit function of the Group is performed in-house. The Head of Internal Audit Department reports directly to the Audit Committee. The Department's role is to undertake independent and systematic reviews of the system of internal controls so as to provide reasonable assurance that such system continues to operate effectively and efficiently.

In attaining such objectives, the following activities were carried out by Internal Audit Department in 2009:

1. ascertained the extent of compliance with established policies, procedures and statutory requirements;
2. appraised the policies, procedures and management control to ensure that the activities were properly managed and to promote effective controls at reasonable cost;
3. identified opportunities to improve the operations and processes within the Group; and
4. recommended improvements to the existing systems of controls to minimise wastage, extravagance and fraud and to enhance efficiencies by way of issuing audit reports to the appropriate level of management capable of achieving satisfactory results and ensured corrective actions were taken.

The total cost incurred by the Internal Audit Department in relation to the conduct of the internal audit functions of the Group during the financial year 2009 amounted to RM 52,388.00.

# STATEMENT ON INTERNAL CONTROL

## INTRODUCTION

The board of directors ("the Board") is pleased to provide the following Statement on Internal Control, which outlines the features of internal controls within the Group to safeguard shareholders' investment and Group's assets for the financial year ended 31 December 2009. This disclosure on the Group's state of internal controls fulfils Chapter 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad.

## RESPONSIBILITY

The Board acknowledges the importance of maintaining a sound system of internal control and risk management practices to good corporate governance and is responsible for doing so. The system of internal controls at Meda Inc. Berhad is designed to manage risks at an acceptable level rather than eliminate them.

Hence, in pursuing the Group's objectives, internal controls provide reasonable and not absolute assurance for risk mitigation. Furthermore, the system of internal controls designed is not restricted to addressing risks relating to financial matters but also operations and compliance with applicable laws and regulations.

The Group has also established an on-going process for identifying, evaluating, monitoring and managing significant risks faced by the Group in meeting its business objectives.

## RISK MANAGEMENT FRAMEWORK

The Board regards risk management as a crucial component of the Group's operations and it forms the focal point for the incorporation of controls. The management has been vested the responsibility for managing risks and internal controls associated with the operations of the Group and for ensuring compliance with the applicable laws and regulations.

The Internal Audit Department was established to coordinate the effort to build structured risk management framework for the Group's divisions and subsidiaries. Preliminary risk assessment is carried out as a measure to identify, evaluate and mitigate risk.

## OTHER KEY ELEMENTS OF INTERNAL CONTROL

The control environment of the Group comprises the following elements:

- Group Vision, Mission and Strategic Objectives, which are communicated to employees.
- Human resource policy and management system with defined authorities and responsibilities as well as segregation of duties.
- The Group's organisation structure that is aligned to business and operational requirements.
- Board participation at the macro perspective in the performance monitoring of all divisions under the Group.
- Active participation of non-executive committees such as the Audit Committee, the Nominating Committee, Remuneration Committee in specific areas with enhanced control and governance.
- Risk Management Committee is tasked with the responsibility to oversee the risk management activities of the group.

## STATEMENT ON INTERNAL CONTROL

### OTHER KEY ELEMENTS OF INTERNAL CONTROL (cont'd)

- Emphasize on the quality and competency of employees through continuing education, training and development schemes and programmes.
- Annual reporting of key performance indicators.
- Delegation of responsibilities to committees of the Board, management and operating units including authorisation levels for all aspects of business.
- Risk-based approach to the preparation of policies and procedures and audit plan.
- Documentation of management review of internal policies and processes and procedures.
- Review of new contracts and legally enforceable agreements by the Legal Practice Unit.
- Budgeting process with approval both at the respective operating units level and by the key personnel management.
- Proper identification of accountabilities and segregation of duties in terms of purchases of goods and services and capital expenditure for each level of management within the Group.
- Fortnightly Operational Meeting which involve the Group Managing Director and/or the Group Chief Executive Officer/ Executive Director and key Management team, are held in order to identify and address any problems encountered by the Group for adequate actions to be taken.
- Review of signatories for letters, correspondence and other documents to assess the associated principal risks from strategic point of view.
- Reporting of internal audit findings and recommendations to the Audit Committee.
- Preparation and reporting of quarterly and full year financial results.
- Announcing material state of affairs of the Group to the public through Bursa Malaysia Securities Berhad on a timely basis.
- Group website covering corporate, strategic and business information within the Group.
- Reporting of financials, operations and legal issues to the Board on a quarterly basis. Budgets for the financial year are also reviewed on a yearly basis and major variances are followed up and remedial actions are taken where necessary.
- Regular internal audit visits to monitor compliance with policies and procedures to assess the integrity of both financial and non-financial information provided. Processes and policies for internal audits are formulated on preliminary risk assessment. Follow-up visits are then subsequently conducted by the internal auditors to ensure proper implementation of agreed action plans by the respective process owners.

## STATEMENT ON INTERNAL CONTROL

### CONCLUSION

The Board is of the view that there is a continuous process in evaluating and managing significant risks faced by the Group. Because of the changing circumstances and conditions, the effectiveness of an internal control system may vary over time. The Board continually evaluates and takes measures to strengthen the control environment.

This statement is made in accordance with the minutes of the Board of Directors Meeting held on 27 April 2010.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Internal Control for the inclusion in the annual report for the year ended 31 December 2009 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.



## OTHER INFORMATION

### IN COMPLIANCE WITH THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### Share Buybacks

The Company did not enter into any share buyback transactions during the financial year ended 31 December 2009.

#### Options, Warrants or Convertible Securities

No options, warrants or convertible securities were issued by the Company during the financial year ended 31 December 2009.

#### American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2009.

#### Sanctions and/or Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any relevant regulatory bodies during the financial year ended 31 December 2009.

#### Non-Audit Fees

There were no non-audit fees paid during the financial year ended 31 December 2009.

#### Variation in Results

There were no material variations between the audited results for the financial year ended 31 December 2009 and the unaudited results released for the financial quarter ended 31 December 2009.

#### Profit Guarantee

There were no shortfall in the profit guarantee received by the Company during the financial year.

#### Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors and major shareholders.

#### Revaluation Policy on landed properties

It is the policy of the Group to revalue landed properties by registered independent valuers at regular intervals of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued landed properties materially differ from the market values..

Investment properties are revalued annually by registered independent valuers having appropriate recognized professional qualifications and recent experience in the location and category of the properties being valued.

#### Recurrent Related Party Transaction of a Revenue Nature

There were no recurrent related party transaction of a revenue nature which requires shareholders' mandate during the financial year ended 31 December 2009.

#### Utilisation of Proceeds

The Company did not implement any fund raising exercise during the year.



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# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

## DIRECTORS' REPORT

The directors hereby present their report to their members together with the audited financial statements of the Group and of the Company for the financial year ended 31st December 2009.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries and associate are set out in Note 5 and Note 6 to the financial statements.

There have been no significant changes to the nature of these principal activities during the financial year.

## RESULTS

	Group RM'000	Company RM'000
Net loss for the financial year from continuing operations	(23,477)	(686)
Net loss for the financial year from discontinued operations	(60)	-
Net loss for the financial year	(23,537)	(686)
Attributable to:		
Equity holders of the Company	(23,537)	(686)
Minority interests	-	-
	(23,537)	(686)

## DIVIDENDS

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

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

## RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

## BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

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

## DIRECTORS' REPORT

### CURRENT ASSETS

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

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

### VALUATION METHODS

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

### CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year, other than as disclosed in Note 37 to the financial statements.

No contingent liability 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 their obligations as and when they fall due.

### CHANGE OF CIRCUMSTANCES

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

### ITEMS OF AN UNUSUAL NATURE

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

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



# DIRECTORS' REPORT

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company had not issued any shares and debentures.

## MATERIAL LITIGATIONS

Details of material litigations are disclosed in Note 39 to the financial statements.

## SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year are disclosed in Note 45 to the financial statements.

## DIRECTORS

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

Dato' (Dr.) Teoh Seng Foo  
Teoh Seng Kian  
You Kong Hean  
Kee Lian Yong  
Ooi Giap Ch'ng  
Mohd Nor Bin Ibrahim  
Dato' Dr. Mohd Ariff Bin Araff - appointed on 2.11.2009

## DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.50/- each			
	At 1.1.2009	Bought	Sold	At 31.12.2009
<b>The Company</b>				
<b>Meda Inc. Berhad</b>				
<i>Shareholdings in which the directors have direct interest</i>				
Dato' (Dr.) Teoh Seng Foo	23,782,324	8,016,000	(6,781,324)	25,017,000
Teoh Seng Kian	27,748,324	24,925,944	(11,896,000)	40,778,268
<i>Shareholdings in which the directors have deemed interest</i>				
Dato' (Dr.) Teoh Seng Foo	41,814,908	15,013,000	(19,804,900)	37,023,008
Teoh Seng Kian	41,814,908	37,000	(19,841,900)	22,010,008

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS (cont'd)

By virtue of their interest in shares of the Company, Dato' (Dr.) Teoh Seng Foo and Mr. Teoh Seng Kian are deemed to be interested in the shares of all the subsidiaries to the extent that the Company has a substantial interest.

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

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than as disclosed in Note 33 and Note 40 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.

Neither during nor at the end of the financial year was the Company or any of its related corporations a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### AUDITORS

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

On behalf of the Board,

.....  
**TEOH SENG KIAN**  
*Director*

.....  
**YOU KONG HEAN**  
*Director*

Kuala Lumpur

Date: 27th April 2010

# BALANCE SHEETS

## AS AT 31ST DECEMBER 2009

		Group (Restated)		Company (Restated)	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	22,526	23,502	26	28
Investments in subsidiaries	5	-	-	143,663	143,663
Investments in an associate	6	2,824	2,946	-	-
Investment properties	7	82,823	91,563	-	-
Land held for property development	8(a)	43,775	47,113	-	-
Goodwill on consolidation	9	811	811	-	-
		152,759	165,935	143,689	143,691
<b>Current assets</b>					
Property development costs	8(b)	24,847	20,213	-	-
Inventories	10	6,074	6,074	-	-
Amount due from customers for contract works	11	1,343	1,165	-	-
Trade receivables	12	27,041	22,440	3	3
Other receivables, deposits and prepayments	13	76,718	82,178	2,574	410
Amount due from subsidiaries	14	-	-	34,061	39,139
Amount due from former subsidiaries	15	4,103	-	2,700	2,820
Amount due from an associate	16	10,605	10,364	56	30
Tax recoverable		111	111	91	91
Deposits placed with licensed banks	17	246	230	-	-
Cash and bank balances	18	3,344	6,720	8	26
		154,432	149,495	39,493	42,519
Assets classified as held for sale	19	-	39,156	-	-
		154,432	188,651	39,493	42,519
<b>TOTAL ASSETS</b>		<b>307,191</b>	<b>354,586</b>	<b>183,182</b>	<b>186,210</b>

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

## BALANCE SHEETS

AS AT 31ST DECEMBER 2009

		Group (Restated)		Company (Restated)	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	20	213,470	213,470	213,470	213,470
Share premium		20,013	20,013	20,013	20,013
Accumulated losses		(96,864)	(85,151)	(65,835)	(65,149)
<b>Total equity</b>		<b>136,619</b>	<b>148,332</b>	<b>167,648</b>	<b>168,334</b>
<b>Non-current liabilities</b>					
Borrowings (interest bearing)	21	29,712	32,333	-	-
Deferred tax liabilities	25	1,840	11,283	-	-
		<b>31,552</b>	<b>43,616</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Trade payables	27	22,204	22,622	481	481
Other payables, accruals and deposits	28	42,966	37,334	1,188	894
Provision for liabilities	29	304	89	-	-
Amount due to subsidiaries	30	-	-	13,865	16,501
Borrowings (interest bearing)	21	24,438	25,850	-	-
Tax payables		49,108	50,687	-	-
		<b>139,020</b>	<b>136,582</b>	<b>15,534</b>	<b>17,876</b>
Liabilities directly associated with assets classified as held for sale	19	-	26,056	-	-
		<b>139,020</b>	<b>162,638</b>	<b>15,534</b>	<b>17,876</b>
<b>Total liabilities</b>		<b>170,572</b>	<b>206,254</b>	<b>15,534</b>	<b>17,876</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>307,191</b>	<b>354,586</b>	<b>183,182</b>	<b>186,210</b>

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

# INCOME STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

		Group (Restated)		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>CONTINUING OPERATIONS</b>					
Revenue	31	48,371	56,325	-	-
Cost of sales	32	(31,264)	(33,078)	-	-
<b>GROSS PROFIT</b>		<b>17,107</b>	<b>23,247</b>	<b>-</b>	<b>-</b>
Other operating income		11,830	15,876	3,303	3,360
Selling and distribution expenses		(1,088)	(4,898)	-	-
Administrative expenses		(43,531)	(45,841)	(3,989)	(3,316)
Other operating expenses		(2,802)	(378)	-	-
<b>OPERATING (LOSS)/PROFIT</b>	33	<b>(18,484)</b>	<b>(11,994)</b>	<b>(686)</b>	<b>44</b>
Finance costs	34	(4,028)	(7,329)	-	-
Share of results of an associate		(122)	(164)	-	-
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		<b>(22,634)</b>	<b>(19,487)</b>	<b>(686)</b>	<b>44</b>
Taxation	35	(843)	(474)	-	(2)
<b>NET (LOSS)/PROFIT FOR THE FINANCIAL YEAR FROM CONTINUING OPERATIONS</b>		<b>(23,477)</b>	<b>(19,961)</b>	<b>(686)</b>	<b>42</b>
<b>DISCONTINUED OPERATIONS</b>					
Net loss for the financial year from discontinued operations	19	(60)	(668)	-	-
<b>NET (LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<b>(23,537)</b>	<b>(20,629)</b>	<b>(686)</b>	<b>42</b>

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



## INCOME STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

		Group (Restated)		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Attributable to:					
Equity holders of the Company		(23,537)	(20,629)	(686)	42
Minority interests		-	-	-	-
		(23,537)	(20,629)	(686)	42
<b>Loss per share attributable to equity holders of the Company (sen):</b>					
Basic, for loss from continuing operations	36(i)	(5.50)	(4.68)		
Basic, for loss from discontinued operations	36(i)	(0.01)	(0.15)		
Basic, loss per ordinary share (sen)		(5.51)	(4.83)		
Diluted, loss per ordinary share (sen)	36(ii)	-	-		

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

	Attributable to Equity Holders of the Company			
	Share capital RM'000	<u>Non-distributable</u> Share premium RM'000	<u>Distributable</u> Accumulated losses RM'000	Total Equity RM'000
<b>Group</b>				
Balance as at 1st January 2008	213,470	20,013	(64,522)	168,961
Net loss for the financial year	-	-	(20,629)	(20,629)
Balance as at 31st December 2008	213,470	20,013	(85,151)	148,332
Reversal of deferred taxation on revaluation reserve (Note 25)	-	-	11,824	11,824
Net loss for the financial year	-	-	(23,537)	(23,537)
Balance as at 31st December 2009	213,470	20,013	(96,864)	136,619
<b>Company</b>				
Balance as at 1st January 2008	213,470	20,013	(65,191)	168,292
Net profit for the financial year	-	-	42	42
Balance as at 31st December 2008	213,470	20,013	(65,149)	168,334
Net loss for the financial year	-	-	(686)	(686)
Balance as at 31st December 2009	213,470	20,013	(65,835)	167,648

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

## CASH FLOW STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net (loss)/profit before taxation:				
- continuing operations	(22,634)	(19,487)	(686)	44
- discontinued operations	(60)	(668)	-	-
Adjustments for:				
Allowance for doubtful debts				
- trade receivables	107	3,000	-	-
- amount due from former subsidiaries	1,248	-	556	-
- amount due from former related companies	8,686	-	-	-
Allowance for doubtful debts no longer required	(76)	(1,566)	-	-
Allowance for minimum net income guarantee	8,810	5,770	-	-
Bad debts written off	91	1,696	1	20
Deposit forfeited	150	156	-	-
Depreciation:				
- continuing operations	1,287	1,818	12	16
- discontinued operations	-	36	-	-
(Gain)/loss on disposal of:				
- property, plant and equipment	(371)	(20)	-	-
- assets held for sale	(2,187)	(7,535)	(600)	-
- investment properties	2,802	(677)	-	-
- investment in a subsidiary	(1,678)	-	-	-
Interest expense:				
- continuing operations	4,028	7,329	-	-
Interest income:				
- continuing operations	(271)	(1,076)	-	-
- discontinued operations	-	(5)	-	-
Net loss on fair value adjustments on investment properties	-	378	-	-
Property, plant and equipment written off	379	-	-	-
Share of loss in an associate	122	164	-	-
Waiver of management fee	-	(3,000)	-	-
Waiver of amount due to contractors	(2,586)	-	-	-
Operating (loss)/profit before working capital changes	(2,153)	(13,687)	(717)	80

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

## CASH FLOW STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Changes In Working Capital:				
Property development costs	(1,520)	3,864	-	-
Balances with customers for contract works	(178)	(1,162)	-	-
Receivables	(7,293)	13,665	(2,165)	(66)
Inventories	-	3,262	-	-
Payables	7,696	(20,650)	294	(32)
Provision for liabilities	272	220	-	-
Utilisation of provision for liabilities	(57)	(131)	-	-
	(3,233)	(14,619)	(2,588)	(18)
Interest paid				
- continuing operations	(77)	(3,560)	-	-
Interest received				
- continuing operations	271	1,081	-	-
Tax paid				
- continuing operations	(41)	(81)	-	(2)
- discontinued operations	-	(13)	-	-
Net Operating Cash Flow	(3,080)	(17,192)	(2,588)	(20)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of property, plant and equipment (Note B)	(446)	(1,012)	(10)	-
Additions to investment properties	-	(2,490)	-	-
Changes on land held for property development	261	(440)	-	-
Proceeds from disposal of:				
- property, plant and equipment	608	61	-	-
- assets held for sale (Note A)	-	58,797	-	-
- investment properties	5,938	1,491	-	-
- investment in subsidiary	-	-	600	-
Net cash inflow on disposal of:				
- assets held for sale (Note A)	1,293	-	-	-
- investment in a subsidiary (Note C)	81	-	-	-
Deposits held as security	45	(274)	-	-
Net Investing Cash Flow	7,780	56,133	590	-

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

## CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Repayment to:				
- bank loans	(3,598)	(19,670)	-	-
- hire purchase liabilities	(916)	(1,024)	-	-
- a former subsidiary	(171)	-	(436)	-
- to an associate	(241)	-	(26)	-
Repayment from subsidiaries	-	-	2,442	29
Interest paid:				
- continuing operations	(3,951)	(15,105)	-	-
- discontinued operations	-	(6)	-	-
Net Financing Cash Flow	(8,877)	(35,805)	1,980	29
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,177)	3,136	(18)	9
CASH AND CASH EQUIVALENTS AT THE BEGINNING AT THE FINANCIAL YEAR	(7,780)	(10,916)	26	17
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	(11,957)	(7,780)	8	26
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>				
Cash and bank balances (Note 18)	3,043	6,358	8	26
Cash held under Housing Development Account (Note 18)	301	362	-	-
Deposits placed with licensed banks (Note 17)	246	230	-	-
Bank overdrafts - secured	(15,000)	(15,000)	-	-
	(11,410)	(8,050)	8	26
Less: Deposits held as security value (Note 17)	(246)	(230)	-	-
Less: Housing Development Accounts held as security value (Note 18)	(301)	(362)	-	-
Add: Cash and cash equivalents from discontinued operations (Note 19(a))	-	862	-	-
	(11,957)	(7,780)	8	26

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



## CASH FLOW STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

#### A. EFFECTS ON DISPOSAL OF ASSETS HELD FOR SALE

##### Group

##### 2009

On 30th April 2009, the Company entered into a share sale agreement to dispose of 70% direct shareholding and 30% indirect shareholding through Litaran Bayu Sdn. Bhd. in Kota Malim Sdn. Bhd. for a cash consideration of RM2.0 million.

The effects of disposal of the assets held for sale on the financial position of the Group are as follows:-

	2009 RM'000
Property, plant and equipment	151
Land held for property development	19,935
Property development costs	16,025
Trade receivables	781
Other receivables, deposits and prepayments	350
Amount due from immediate holding company	60
Amount due from related companies	3,810
Cash and bank balances	707
Trade payables	(1,662)
Other payables, accruals and deposits	(2,840)
Amount due to related companies	(12,780)
Amount due to ultimate holding company	(3,552)
Borrowings (interest bearing)	(13,335)
Tax payables	(6,174)
Long term payable	(1,663)
<b>Net assets disposed</b>	<b>(187)</b>
<b>Gain on disposal of assets held for sale</b>	<b>2,187</b>
<b>Total purchase consideration</b>	<b>2,000</b>
<b>Less: Cash and cash equivalents</b>	<b>(707)</b>
<b>Net cash inflow on disposal of assets held for sale</b>	<b>1,293</b>

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

## CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### A. EFFECTS ON DISPOSAL OF ASSETS HELD FOR SALE (cont'd)

#### Group (cont'd)

#### 2008

Proceeds from disposal of assets held for sale was arrived in the following manner:-

	2008 RM'000
Gross sale proceeds	260,000
Less:	
Redemption sum paid (#)	(175,079)
Retention sum pursuant to the sale and purchase agreement	(21,974)
Settlement for legal suit	(4,150)
Net proceeds from disposal of assets held for sale	58,797

# The redemption sum refers to the amount paid to Mayban Trustees Berhad, being the trustee for AmFirst Real Estate Investment Trust in order that the existing charges and any caveat lodged by it or on its behalf may be discharged or cancelled.

### B. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

The Group acquired property, plant and equipment amounting to RM0.881 million (2008: RM1.012 million) of which RM0.481 million (2008: RM Nil /-) were acquired under hire purchase instalment plans. Cash payments amounting RM0.046 million (2008: RM Nil /-) were made towards the hire purchase.

### C. EFFECTS ON DISPOSAL OF INVESTMENT IN A SUBSIDIARY

#### Group

#### 2009

On 16th October 2009, the Company through its subsidiary, Sri Lingga Sdn. Bhd. entered into a share sale agreement to dispose of 60% indirect shareholding in Performance Sciences Sdn. Bhd. for a cash consideration of RM0.099 million.

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

## CASH FLOW STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

#### C. EFFECTS ON DISPOSAL OF INVESTMENT IN A SUBSIDIARY (cont'd)

##### Group (cont'd)

##### 2009

The effects of disposal of the investment in a subsidiary on the financial results of the Group are as follows:-

	2009 RM'000
Revenue	-
Costs of sales	-
GROSS PROFIT	-
Other operating income	-
Administrative expenses	(4)
OPERATING LOSS	(4)
Finance costs	-
LOSS BEFORE TAXATION	(4)
Taxation	-
NET LOSS FOR THE FINANCIAL YEAR	(4)

The effects of disposal of the investment in a subsidiary on the financial position of the Group are as follows:-

	2009 RM'000
Trade receivables	45
Other receivables, deposits and prepayments	40
Cash and bank balances	18
Other payables, accruals and deposits	(278)
Amount due to immediate holding company	(1,404)
Net assets disposed	(1,579)
<b>Gain on disposal of investment in subsidiary</b>	<b>1,678</b>
Total purchase consideration	99
Less: Cash and cash equivalents	(18)
<b>Net cash inflow on disposal of investment in a subsidiary</b>	<b>81</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. GENERAL INFORMATION

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries and associate are set out in Notes 5 and 6 to the financial statements.

There have been no significant changes to the nature of these principal activities during the financial year.

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

The registered office of the Company and its principal place of business is located at No.11, USJ Sentral, Jalan USJ Sentral 3, Persiaran Subang, 47600 Subang Jaya, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia "RM" and all values are rounded to the nearest thousand (RM'000).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27th April 2010.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the significant accounting policies.

The financial statements of the Group and of the Company also comply with the Financial Reporting Standards ("FRS") and the provisions of the Companies Act, 1965 in Malaysia.

The preparation of financial statements in conformity with the Financial Reporting Standards requires the use of certain critical accounting 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 reported period. It also requires directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

##### 2.2 New and Revised FRS, Amendments/Improvements to FRS and IC Interpretations ("IC Int")

###### (a) Adoption of New and Revised FRS, Amendments/Improvements to FRS and IC Int

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.2 New and Revised FRS, Amendments/Improvements to FRS and IC Interpretations ("IC Int") (cont'd)

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

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

		Effective for financial periods beginning on or after
<b><u>New FRS</u></b>		
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
<b><u>Revised FRS</u></b>		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 101	Presentation of Financial Statements	1 January 2010
FRS 123	Borrowing costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
<b><u>Amendments/Improvements to FRS</u></b>		
FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010 and 1 January 2011
FRS 2	Share-based Payment	1 January 2010 and 1 July 2010
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010 and 1 July 2010
FRS 7	Financial Instruments : Disclosure	1 January 2010 and 1 January 2011
FRS 8	Operating Segments	1 January 2010
FRS 107	Statement of Cash Flows	1 January 2010
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
FRS 110	Events After the Reporting Period	1 January 2010
FRS 116	Property, Plant and Equipment	1 January 2010
FRS 117	Leases	1 January 2010
FRS 118	Revenue	1 January 2010
FRS 119	Employee Benefits	1 January 2010
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.2 New and Revised FRS, Amendments/Improvements to FRS and IC Interpretations ("IC Int") (cont'd)

##### (b) New and Revised FRS, Amendments/Improvements to FRS and IC Int that are issued, but not yet effective and have not been adopted early (cont'd)

		Effective for financial periods beginning on or after
<b><u>Amendments/Improvements to FRS</u></b>		
FRS 128	Investment in Associates	1 January 2010
FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
FRS 131	Interests in Joint Ventures	1 January 2010
FRS 132	Financial Instruments : Presentation	1 January 2010 and 1 March 2010
FRS 134	Interim Financial Reporting	1 January 2010
FRS 136	Impairment of Assets	1 January 2010
FRS 138	Intangible Assets	1 January 2010 and 1 July 2010
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
FRS 140	Investment Property	1 January 2010
<b><u>IC Int</u></b>		
IC Int 9	Reassessment of Embedded Derivatives	1 January 2010 and 1 July 2010
IC Int 10	Interim Financial Reporting and Impairment	1 January 2010
IC Int 11	FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Int 12	Service Concession Arrangements	1 July 2010
IC Int 13	Customer Loyalty Programmes	1 January 2010
IC Int 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Int 15	Agreements for the Construction of Real Estate	1 July 2010
IC Int 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Int 17	Distributions of Non-cash Assets to Owners	1 July 2010

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

#### IC Interpretation 15 Agreements for the Construction of Real Estate

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.3 Summary of Significant Accounting Policies

##### (a) Basis of Consolidation

The consolidated financial statements include the financial statements of the Group and its subsidiaries made up to the end of the financial year. The financial statements of the parent and its subsidiaries are all drawn up to the same reporting date.

With effect from 1st January 2002, all the subsidiaries acquired are consolidated on the purchase method of accounting. The Group has adopted the transitional provision permitted under FRS 3 Business Combination, which allows the Group to apply the standard prospectively.

All subsidiaries acquired before 1st January 2002 are consolidated using the merger method of accounting permitted by Malaysian Accounting Standard No. 2 – Accounting for Acquisition and Mergers, the accounting standard which was applicable then, except for Cemerlang Land Sdn. Bhd. which was consolidated using the purchase method of accounting.

Under the merger method of accounting, the results of subsidiaries are accounted for on a full year basis irrespective of the date of the merger.

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

Any excess of the cost of acquisition over the Group's interest in the 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 the income statement.

Intra-group transactions and balances, and resulting unrealised gains are eliminated on consolidation. Unrealised losses resulting from intra-group transactions are also eliminated on consolidation to the extent of the cost of the asset that can be recovered. The extent of the costs that cannot be recovered is treated as write downs or impairment losses as appropriate. Where necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency with the accounting policies adopted by the Group.

Minority interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Company, directly or indirectly through the subsidiary. It is measured at the minorities' share of the fair values of the subsidiary's identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary's equity since that date.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.3 Summary of Significant Accounting Policies (cont'd)

##### (b) Goodwill on Consolidation

Goodwill represents the excess of the cost of business combination over the Group's share of net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Following the initial recognition, goodwill is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(s).

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include carrying amount of goodwill relating to the entity sold.

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

##### (c) Subsidiaries

Subsidiaries are those enterprises in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. 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.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(s). On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is charged or credited to the income statement.

In the Group's consolidated financial statements, the difference between the net disposal proceeds and the Group's share of the subsidiary's net assets together with any unamortised goodwill is reflected as a gain or loss on disposal in the consolidated income statements.

##### (d) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associates is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.3 Summary of Significant Accounting Policies (cont'd)

##### (d) Associates (cont'd)

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long term interest that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

##### (e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are initially stated at cost. Freehold land and hotel buildings which have been subsequently revalued, are stated at valuation less accumulated depreciation and impairment loss, if any. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3 (s).

Freehold land is not depreciated as it has an infinite useful life. Capital work-in-progress are also not depreciated as these assets are not available for use.

All other property, plant and equipment are depreciated on straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The principal annual rates used for this purpose are as follows:-

Hotel buildings	1% - 2%
Leasehold buildings	2%
Renovation	10% - 33 1/3%
Furniture, fittings, office and other equipment	2.5% - 50%
Motor vehicles	20%
Show village and sales office	10% - 20%

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.3 Summary of Significant Accounting Policies (cont'd)

##### (e) Property, Plant and Equipment and Depreciation (cont'd)

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the financial year the asset is derecognised.

##### (f) Property Development Activities

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

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within normal operating cycle. Land held for property development is classified as non-current asset and carried at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(s).

Cost comprises the cost of land and all related costs incurred on activities necessary to prepare the land for its intended use. Where the Company had previously recorded the land at a revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201 Property Development Activities.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and is expected to be completed within the normal operating cycle.

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or costs that can be allocated on a reasonable basis to these activities.

###### (ii) *Property development costs*

Property development costs comprise costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the costs of land under development, construction costs and other related development costs common to the whole project including administrative overheads and borrowing costs.

When the outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred bear to the estimated total costs for the property development.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.3 Summary of Significant Accounting Policies (cont'd)

##### (f) Property Development Activities (cont'd)

###### *(ii) Property development costs (cont'd)*

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

Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of development, the unsold completed development properties are transferred to inventories.

Where revenue recognised in the income statement exceeds billings to purchasers, the balance is shown as accrued billings under receivables (within current assets). Where the billings to purchasers exceed revenue recognised in the income statement, the balance is shown as progress billings under payables (within current liabilities).

##### (g) Investment Properties

Investment properties are properties which are held to earn rentals or for capital appreciation or for both. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value. The fair value of investment properties are the prices at which the properties could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of investment properties reflected market conditions at the balance sheet date, without any deduction for transaction costs that may be incurred on sale or other disposal.

Fair values of investment properties are arrived at by reference to market evidence of transaction prices for similar properties.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

##### (h) Revaluation of Assets

Freehold land and hotel buildings at valuation are revalued at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings materially differ from the market values.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.3 Summary of Significant Accounting Policies (cont'd)

##### (h) Revaluation of Assets (cont'd)

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any surplus or deficit arising from the revaluations will be dealt with in the Revaluation Reserve Account. Any deficit is set-off against the Revaluation Reserve Account only to the extent of the surplus credited from the previous revaluation of the land and buildings and the excess of the deficit is charged to the income statement. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained profits.

##### (i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of trading goods, raw materials and construction materials are determined on the weighted average method. Cost is determined on a first-in-first-out basis and comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of costs associated with the acquisition of land, direct costs and an appropriate proportion of common costs attributable to developing the properties to completion.

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

##### (j) Receivables

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

##### (k) Payables

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

##### (l) Finance Leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses, if any. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.3 Summary of Significant Accounting Policies (cont'd)

##### (l) Finance Leases (cont'd)

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

##### (m) Construction Contracts

Construction works are stated at cost plus attributable profit less progress billings. Cost comprises direct labour, material costs, sub-contract sum and an allocated proportion of directly related overheads. Administrative and general expenses are charged to the income statement as and when incurred.

When the outcome of a construction contract can be reliably estimated, contract revenue are recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Costs incurred in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

Irrespective of whether the outcome of a construction contract can be estimated reliably, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Provision is made for all anticipated losses on construction work. Provision for warranties is made for expected/estimated repair costs for making good certain defects and damages during the warranty periods.

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount due from customers for contract works. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers for contract works.

##### (n) Provisions for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses. 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.3 Summary of Significant Accounting Policies (cont'd)

##### (o) Revenue Recognition

###### *(i) Sale of property development projects*

Revenue from sale of property development projects is recognised on the percentage of completion method. No profit is recognised where development is in its initial stage or has not reached a stage of completion where it is possible to determine the financial outcome of the development with reasonable accuracy. Provision for foreseeable losses is made when estimated future revenues realisable are lower than the carrying amount of the project.

###### *(ii) Sale of hotel rooms, food and beverages and other ancillary services*

Revenue from services rendered in respect of sale of hotel rooms, food and beverages and other ancillary services is recognised in the income statement upon rendering of services.

###### *(iii) Revenue from construction contract*

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.3(m).

###### *(iv) Sale of fresh fruit bunches*

Revenue from sales of fresh fruit bunches is measured at the fair value of the consideration receivable and is recognised in the income statement upon delivery of goods and customers' acceptance.

###### *(v) Revenue from training and consultancy services*

Revenue from training and consultancy services is recognised in the income statement upon rendering of services accepted by customers, net of returns, discounts and allowances.

###### *(vi) Collection from car park operations*

Collection from car park operations is recognised on receipt basis except for season parking of which accrual basis is used.

###### *(vii) Interest income*

Interest income is recognised on a time proportion basis taking into account the effective yield of the assets.

###### *(viii) Rental income*

Rental income is recognised on the accrual basis. Inter-company sales are excluded from the revenue of the Group.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.3 Summary of Significant Accounting Policies (cont'd)

##### (p) Borrowing Costs

Interest, dividends, losses and gains relating to a financial instrument, or a component part classified as a financial liability is reported as finance cost in the income statement.

Cost incurred on borrowings to finance the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are completed, after which such expense is charged to the income statement. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

##### (q) Income Tax

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

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited 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.

##### (r) Financial Instruments

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.3 Summary of Significant Accounting Policies (cont'd)

##### (r) Financial Instruments (cont'd)

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

##### (s) Impairment of Assets

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.3 Summary of Significant Accounting Policies (cont'd)

##### (s) Impairment of Assets (cont'd)

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

##### (t) Employees Benefits

###### (i) Short term employee benefits

Wages, salaries, social security contribution, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by the employees. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

###### (ii) Post-employment benefits

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

##### (u) Share Capital

Ordinary shares are classified as equity. Dividends on the ordinary shares are recognised as liabilities when proposed or declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date.

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

##### (v) Cash and Cash Equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, demand deposits, balances with banks and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated net of bank overdrafts which are repayable on demand.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.3 Summary of Significant Accounting Policies (cont'd)

##### (w) Segment Information

Segment information is presented in respect of the Group's business and geographical segment. The primary reporting segment information is in respect of business segments as the Group's risks and returns are affected predominantly by differences in the nature of its businesses, whilst the secondary information is reported geographically.

A segment with a majority of operating income earned from providing product or services to external customers and whose operating income, results or assets are 10 percent or more of all the segments is reported separately.

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

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one financial period.

##### (x) Assets Held For Sale

The Group shall classify an asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The assets classified as assets held for sale will be measured at the lower of its carrying amount and fair value less costs to sell.

No depreciation or amortisation is provided against the assets while it is classified as assets held for sale.

The assets shall be derecognised on disposal and the difference between the net disposal proceeds and the carrying amount is recognised as profit or loss in the period of disposal.

An asset that ceases to be classified as assets held for sale shall be measured at the lower of its carrying amount before the asset was classified as assets held for sale, adjusted for any depreciation, amortisation or revaluations that would be recognised had the asset not be classified as assets held for sale, and its recoverable amount at the date of the subsequent decision not to sell.

### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

#### (a) Critical Judgements Made in Applying Accounting Policies

The management has made the necessary assessments upon the adoption of FRS as mentioned in Note 2.2. However, there is no critical judgement made in applying the Group's and the Company's accounting policies.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

#### (b) Key Sources of Estimation Uncertainty

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

##### (i) *Useful lives of property, plant and equipment*

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the relevant assets. In addition, the estimation of useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in these factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

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

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

##### (iii) *Impairment of investment in subsidiaries and associate*

The Company carried out the impairment test based on a variety estimation of including the value-in-use of the cash generating unit. Estimating a value-in-use amount requires the Company to make an estimation of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

##### (iv) *Investment properties*

As several of the Group's directors are professionals who are experienced in the developed property industry, periodic assessments are made on the current market values of the Group's property assets. In determining the fair values of these properties, the management takes into consideration valuations carried out by professional valuers, replacement costs and transaction prices of similar assets in comparable locations.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

#### (b) Key Sources of Estimation Uncertainty (cont'd)

##### (v) *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value in use amount requires management to make an estimation of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31st December 2009 was RM811,000/- (2008: RM811,000/-).

##### (vi) *Allowance for inventories*

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

##### (vii) *Allowance for doubtful debts*

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

##### (viii) *Property development*

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

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

##### (ix) *Deferred tax assets*

Deferred tax assets are recognised for all unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying values of unrecognised deferred tax asset on tax losses and capital allowances of the Group were RM50,205/- (2008: RM46,787/-).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

#### (b) Key Sources of Estimation Uncertainty (cont'd)

##### (x) *Income taxes*

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

##### (xi) *Contingent liabilities*

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 4. PROPERTY, PLANT AND EQUIPMENT

Group 2009	Freehold Land and Hotel Buildings RM'000	Leasehold Buildings RM'000	Renovation RM'000	Furniture, Fittings, Office and Other Equipment RM'000	Motor Vehicles RM'000	Show Village and Sales Office RM'000	Capital Work In Progress RM'000	Total RM'000
<b>Cost or Valuation</b>								
At 1st January 2009								
- at cost	-	3,252	13,454	13,109	2,811	837	113	33,576
- at valuation	28,168	-	-	-	-	-	-	28,168
Additions	-	21	53	324	529	-	-	927
Disposals	-	-	(12,542)	(269)	(1,281)	-	-	(14,092)
At 31st December 2009	28,168	3,273	965	13,164	2,059	837	113	48,579
Representing								
- at cost	-	3,273	965	13,164	2,059	837	113	20,411
- at valuation	28,168	-	-	-	-	-	-	28,168
	28,168	3,273	965	13,164	2,059	837	113	48,579
<b>Accumulated Depreciation and Impairment Losses</b>								
At 1st January 2009	12,611	8	12,814	9,994	2,031	784	-	38,242
Depreciation for the financial year	274	65	78	575	264	31	-	1,287
Disposals	-	-	(12,195)	(236)	(1,045)	-	-	(13,476)
At 31st December 2009	12,885	73	697	10,333	1,250	815	-	26,053
<b>Carrying Amount at 31st December 2009</b>								
- at cost	-	3,200	268	2,831	809	22	113	7,243
- at valuation	15,283	-	-	-	-	-	-	15,283
	15,283	3,200	268	2,831	809	22	113	22,526

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

#### 4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group 2008	Freehold Land and Hotel Buildings RM'000	Leasehold Buildings RM'000	Renovation RM'000	Furniture, Fittings, Office and Other Equipment RM'000	Motor Vehicles RM'000	Show Village and Sales Office RM'000	Capital Work In Progress RM'000	Total RM'000
<b>Cost or Valuation</b>								
At 1st January 2008								
- at cost	-	3,073	13,953	13,172	2,919	1,151	113	34,381
- at valuation	28,168	-	-	-	-	-	-	28,168
Additions	-	340	224	436	-	12	-	1,012
Transferred to assets held for sale (Note 19)	-	-	(104)	(120)	(10)	(326)	-	(560)
Disposals	-	-	(611)	(76)	(98)	-	-	(785)
Control transfer	-	(161)	(8)	(303)	-	-	-	(472)
At 31st December 2008	28,168	3,252	13,454	13,109	2,811	837	113	61,744
Representing								
- at cost	-	3,252	13,454	13,109	2,811	837	113	33,576
- at valuation	28,168	-	-	-	-	-	-	28,168
	28,168	3,252	13,454	13,109	2,811	837	113	61,744
<b>Accumulated Depreciation and Impairment Losses</b>								
At 1st January 2008								
Accumulated depreciation	12,337	101	12,879	9,808	1,859	895	-	37,879
Depreciation for the financial year	274	68	536	603	299	74	-	1,854
Transferred to assets held for sale (Note 19)	-	-	(103)	(111)	(10)	(185)	-	(409)
Disposals	-	-	(490)	(3)	(117)	-	-	(610)
Control transfer	-	(161)	(8)	(303)	-	-	-	(472)
At 31st December 2008	12,611	8	12,814	9,994	2,031	784	-	38,242
<b>Carrying Amount at 31st December 2008</b>								
- at cost	-	3,244	640	3,115	780	53	113	7,945
- at valuation	15,557	-	-	-	-	-	-	15,557
	15,557	3,244	640	3,115	780	53	113	23,502



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Furniture, Fittings, Office and Other Equipment RM'000
<b>2009</b>	
<b>Cost</b>	
At 1st January 2009	113
Additions	10
Disposals	-
At 31st December 2009	123
<b>Accumulated Depreciation</b>	
At 1st January 2009	85
Depreciation for the financial year	12
Disposals	-
At 31st December 2009	97
<b>Carrying amount at 31st December 2009</b>	<b>26</b>
<b>2008</b>	
<b>Cost</b>	
At 1st January 2008	113
Additions	-
Disposals	-
At 31st December 2008	113
<b>Accumulated Depreciation</b>	
At 1st January 2008	69
Depreciation for the financial year	16
Disposals	-
At 31st December 2008	85
<b>Carrying amount at 31st December 2008</b>	<b>28</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

#### 4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (i) The freehold land and hotel buildings of the Group were revalued on 14th February 2007 and 27th September 2006 respectively by the directors based on independent professional valuations on the open market value basis.
- (ii) Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts would have been as follows:

	2009 RM'000	Group 2008 RM'000
Freehold land and hotel buildings	24,745	25,011

- (iii) The freehold land and hotel buildings of the Group at the carrying amount of RM15.283 million (2008 : RM15.557 million) are charged to financial institutions as security for banking facilities granted to the Group as stated at Note 24(II)(iv) to the financial statements. The legal title for the freehold land of hotel buildings has yet to be transferred to the Group.
- (iv) Included in property, plant and equipment of the Group are assets acquired under hire purchase instalment plans with carrying amount as follows:-

	2009 RM'000	Group 2008 RM'000
Furniture, fittings, office and other equipment	936	1,044
Motor vehicles	671	642

- (v) Included in property, plant and equipment of the Company are fully depreciated assets which are still in use, with a cost as follows:-

	2009 RM'000	Group 2008 RM'000
Renovation	509	509
Furniture, fittings, office and other equipment	8,349	8,279
Motor vehicles	484	484
	8,833	8,763

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009 RM'000	2008 RM'000
<b>Unquoted shares at cost</b>		
At 1st January	191,899	196,899
Less : Transfer to assets held for sale (Note 19)	-	(5,000)
At 31st December	191,899	191,899
<b>Less: Impairment losses</b>		
At 1st January	(48,236)	(53,236)
Less : Transfer to assets held for sale (Note 19)	-	5,000
At 31st December	(48,236)	(48,236)
Carrying Amount at 31st December	143,663	143,663

The Company's equity interest in the subsidiaries which are all incorporated in Malaysia and their respective principal activities are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	2009 %	2008 %	
<i><u>Direct subsidiaries</u></i>			
Meda Development Sdn. Bhd.(“MD”)	100	100	Property investment, operation of a hotel and car park.
ZKP Development Sdn. Bhd.(“ZKP”)	100	100	Property investment, operation of a hotel and car park.
Litaran Bayu Sdn. Bhd.(“LB”)	100	100	Investment holding.
* + Cemerlang Land Sdn. Bhd. ( “CL”)	100	100	Property development.
* Nandex Development Sdn. Bhd.(“ND”)	100	100	Property development, property investment, operation of a hotel and car park.
Impressive Performance Sdn. Bhd.(“IP”)	100	100	Property development.
Everlasting Growth Sdn. Bhd.(“EG”)	100	100	Property development.
* Meda Project Management Sdn. Bhd ( “MPM”)	100	100	Project management services.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 5. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Company	Effective Equity Interest		Principal Activities
	2009 %	2008 %	
<i><b><u>Direct subsidiaries</u></b></i>			
Meda Realty Sdn. Bhd. (“MR”)	100	100	Property development.
* MIB Construction Sdn. Bhd. (“MIBC”)	100	100	Building contractor.
* Nandex Land Sdn. Bhd. (“NL”)	100	100	Provision of landscaping services.
Sri Lingga Sdn. Bhd. (“SL”)	100	100	Property development and cultivation of oil palm.
Golden Sceptre (MM2H) Sdn. Bhd.(“GS”)	100	100	Provision of services in relation to Malaysia My Second Home Program.
<i><b><u>Indirect subsidiaries</u></b></i>			
<b>Subsidiary of LB</b>	-	100	Property development.
# Kota Malim Sdn. Bhd.(“KM”)			
<b>Subsidiary of SL</b>	-	60	Provision of adventure facilities, design and installation, management training and consultancy services.
^ Performance Sciences Sdn. Bhd. (“PS”)			
<b>Subsidiary of ND</b>	100	100	Provision of adventure facilities, design and installation, management training and consultancy services.
* Xperential Dynamics Sdn. Bhd. (“XD”)			

\* *In view of the capital deficiencies reported by these subsidiaries, the auditors' reports of these subsidiaries contain an emphasis of matter relating to the appropriateness of the going concern basis of accounting used in the preparation of their financial statements. In aggregate these subsidiaries incurred net losses of RM1.140 million during the financial year ended 31st December 2009.*

+ *The auditors' report of this subsidiary contain an emphasis of matter to draw attention to the matter as disclosed in Note 13(i) to the financial statements which explains the circumstances and consideration the directors have taken into account in preparing the financial statements.*

# *On 30th April 2009, the Company entered into a share sale agreement with Equal Hope Sdn. Bhd. for the disposal of 70% direct shareholding and 30% indirect shareholding through "LB" in "KM" for a cash consideration of RM2.0 million.*

^ *On 16th October 2009, the Company through its subsidiary, "SL" entered into a share sale agreement to dispose of 60% indirect shareholding in "PS" for a cash consideration of RM0.099 million.*

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 6. INVESTMENTS IN AN ASSOCIATE

	Group	
	2009 RM'000	2008 RM'000
Unquoted shares - at cost	3,600	3,600
Share of post-acquisition results	(776)	(654)
	2,824	2,946

The summarised financial information of the associate is as follows:

	Group	
	2009 RM'000	2008 RM'000
<b>Assets and liabilities</b>		
Current assets	335	348
Non-current assets	20,806	20,947
Total assets	21,141	21,295
Current liabilities	11,837	11,561
Non-current liabilities	2,246	2,372
Total liabilities	14,083	13,933
<b>Results</b>		
Net loss for the financial year	(304)	(414)

The Company's equity interest in the associate, all incorporated in Malaysia, and their respective principal activities are disclosed as follows:

Name of Company	Effective Equity Interest		Principal Activities
	2009 %	2008 %	
<u>Associate</u>			
Nusarhu Sdn.Bhd.(“NSB”)	40	40	Operation of a resort hotel and chalets under construction.
<u>Associate of PS</u>			
^ Performance Sciences (M) Sdn. Bhd.(“PSM”)	-	49	Management training and consultancy services.

^ On 16th October 2009, the Company through its subsidiary, “SL” entered into a share sale agreement to dispose of 60% indirect shareholding in “PS”. Upon completion, PSM shall cease to be an associate of the Group.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 7. INVESTMENT PROPERTIES

	Group	
	2009 RM'000	2008 RM'000
Investment properties stated at fair values represent the retained portion of:-		
Shop Lot at 10 Semantan Avenue, Kuala Lumpur		
At 1st January	18,500	12,546
Net gain on fair value adjustments	-	6,768
Disposal during the financial year	(8,740)	(814)
At 31st December	9,760	18,500
A 5-storey shopping complex together with a 10-storey office tower known as The Summit, Bukit Mertajam Plaza		
At 1st January	70,573	77,719
Net loss on fair value adjustments	-	(7,146)
At 31st December	70,573	70,573
14 retail shoplots at Bandar Bukit Mertajam, Seksyen 4 Daerah Seberang Perai Tengah, Pulau Pinang		
At 1st January	2,490	-
Additions during the financial year	-	2,490
At 31st December	2,490	2,490
	<b>82,823</b>	<b>91,563</b>

- (i) The titles for The Summit Bukit Mertajam Plaza have yet to be transferred to the Group.
- (ii) The investment properties of which are charged as securities for banking facilities granted to the Group as stated in Note 24(II)(iv) and Note 24(II)(v) to the financial statements.
- (iii) The investment properties were revalued by the directors on 14th February 2007 and 8th January 2009 respectively based on independent professional valuations on the open market value basis.

In the absence of valuation by independent valuers, the fair value of investment properties is determined by the directors based on their assessment of available market prices of similar properties in the vicinity, outlook of the property market within the location, designation of use and acceptable level of variance in professional judgement.

- (iv) The retail shoplots located at Bandar Bukit Mertajam, Seksyen 4 Dearah Seberang Perai Tengah, Pulau Pinang represents the property contra from turnkey contractor to partly settled the amount due during financial year 2008 (Note 13(i)).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 8. PROPERTY DEVELOPMENT ACTIVITIES

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

	<b>Group</b>	
	<b>2009 RM'000</b>	<b>2008 RM'000</b>
At 1st January		
<b>At valuation</b>		
Long term leasehold land	23,019	23,019
<b>At cost</b>		
Freehold land	576	576
Long term leasehold land	-	12,800
Development rights	4,470	4,470
Development expenditure	19,048	24,176
	47,113	65,041
Add: Development expenditures		
- costs incurred during the financial year	-	2,007
Less: Transfer to assets held for sale (Note 19)		
- long term leasehold land	-	(12,800)
- development expenditure	-	(7,135)
	-	(19,935)
Less: Transfer to property development costs		
- long term leasehold land	(1,768)	-
- development expenditure	(1,570)	-
	(3,338)	-
<b>At 31st December</b>	<b>43,775</b>	<b>47,113</b>
Represented by:-		
<b>At valuation</b>		
Long term leasehold land	21,251	23,019
<b>At cost</b>		
Freehold land	576	576
Development rights	4,470	4,470
Development expenditure	17,478	19,048
	43,775	47,113

The long term leasehold land stated at valuation was land previously used for plantation purposes which was reclassified from property, plant and equipment in the financial year 2001 for the commencement of property development activities. This land was revalued by the directors based on an independent professional valuation carried out in 1996 on the open market value basis. As allowed by the transitional provision of FRS 201 – Property Development Activities, the carrying amount of this land shown at valuation has been retained on the basis of its previous revaluation as its surrogate cost.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 8. PROPERTY DEVELOPMENT ACTIVITIES (cont'd)

#### (a) Land held for property development (cont'd)

The development rights included in land held for property development and property development cost were acquired from Kumpulan Prasarana Rakyat Johor Sdn. Bhd. ("KPRJ"), the registered land owner of one of the Group's development projects known as Aman Larkin Project.

The freehold and long term leasehold land have been charged as securities for banking facilities granted to the Group as stated in Notes 23(i) and 24(II)(i) to the financial statements.

#### (b) Property development costs

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1st January		
<b>At valuation</b>		
Long term leasehold land	<b>9,869</b>	9,869
<b>At cost</b>		
Long term leasehold land	-	13,690
Development rights	<b>1,938</b>	1,938
Development expenditure	<b>61,244</b>	84,103
Less : Costs charged to income statements	<b>(52,838)</b>	(69,939)
	<b>20,213</b>	39,661
Less: Transfer from property development costs		
- long term leasehold land	<b>1,768</b>	-
- development expenditure	<b>1,570</b>	-
	<b>3,338</b>	-
Add: Costs incurred during the financial year		
- development expenditure	<b>10,213</b>	5,307
Less: Transfer to assets held for sale (Note 19)		
- long term leasehold land	-	(7,190)
- development expenditure	-	(123,395)
- impairment loss on development expenditure	-	8,721
	-	(121,864)
Less: Costs charged to income statements		
- during the financial year	<b>(8,917)</b>	(8,693)
- transfer to assets held for sale (Note 19)	-	105,802
	<b>(8,917)</b>	97,109
<b>At 31st December</b>	<b>24,847</b>	20,213

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 8. PROPERTY DEVELOPMENT ACTIVITIES (cont'd)

#### (b) Property development costs (cont'd)

	2009 RM'000	Group 2008 RM'000
Represented by:-		
<b>At valuation</b>		
Long term leasehold land	11,637	9,869
<b>At cost</b>		
Development rights	1,938	1,938
Development expenditure	11,272	8,406
	<b>24,847</b>	<b>20,213</b>

The long term leasehold land valued at cost which is under property development have been charged as securities for banking facilities granted to the Group as stated in Notes 23(ii) and 24(II)(ii) to the financial statements.

Included in the development expenditure are borrowing costs capitalised during the financial year amounting to RM519,198/- (2008: RM471,472/-).

### 9. GOODWILL ON CONSOLIDATION

	2009 RM'000	Group 2008 RM'000
Balance as at 1st January/31st December	811	811

### 10. INVENTORIES

	2009 RM'000	Group 2008 RM'000
<b>At Cost</b>		
Completed development properties	5,650	5,744
Food and beverages	200	181
Room supplies and consumables	224	149
	<b>6,074</b>	<b>6,074</b>

The completed development properties have been charged as securities for banking facilities granted to the Group as stated in Notes 24(II)(iv) to the financial statements.

The legal title for the freehold land of the completed development properties has yet to be transferred to the Group.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 11. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	Group	
	2009 RM'000	2008 RM'000
Aggregate costs incurred to date	1,501	1,263
Recognised profits less recognised losses	64	7
Progress billings	1,565 (222)	1,270 (105)
Amount due from customers for contract works included in current assets	1,343	1,165
Construction contract costs recognised as contract expenses during the financial year	656	1,162
Construction contract revenue recognised as contract revenue during the financial year	712	1,162

### 12. TRADE RECEIVABLES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade receivables	35,841	34,887	3	3
Accrued billings in respect of property development costs	2,107	-	-	-
Less: Allowance for doubtful debts	(10,907)	(10,827)	-	-
	27,041	24,060	3	3
Less: Transferred to assets held for sale (Note 19)	-	(1,620)	-	-
	27,041	22,440	3	3

- (i) The credit terms offered by the Group in respect of trade receivables are 7 days from the date of invoice and 21 days from the date of progress billing for property buyers. Other credit terms are assessed and approved on a case-by-case basis.
- (ii) The Group offers an instalment plan to the buyers of a property development project that allowed the buyers to settle the remaining 90% of the purchase consideration of the properties by monthly instalments over a period of 48 to 60 months from the date of the Sale and Purchase Agreements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 12. TRADE RECEIVABLES (cont'd)

- (iii) Included in trade receivables are amounts totalling RM2.265 million (2008 : RM3.011 million) and RM8.367 million (2008 : RM11.949 million) due by property buyers and tenants respectively which have been outstanding for more than 1 year. Out of the long outstanding receivables from tenants, RM4.70 million (2008 : RM4.70 million) is currently under legal proceedings as disclosed in Note 39(i) to the financial statements. Concentration of credit risk with respect to trade receivables of property buyers is limited by withholding legal ownership before the full consideration is received.
- (iv) Included in trade receivables are amounts due by companies in which certain directors of the Company and a brother of certain directors of the Company have substantial financial interests amounting to approximately RM5,443,103/- (2008 : RM5,744,036/-). The amounts due by these companies are unsecured and interest-free.
- (v) Included in trade receivables are amounts due by a property buyer amounting to RM2.996 million (2008 : RM2.996 million).

On 25th April 2010, the Group entered into a settlement agreement with parties concern to the property buyer to partly settle the outstanding amount via a set-off arrangement of a unit of a four-storey shop lot to be constructed in Kota Damansara, Selangor. The amount to be settled under the settlement agreement is RM2.35 million, which is the selling price of the said shop lot.

### 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group (Restated)		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Other receivables	42,210	47,087	2,819	714
Less: Allowance for doubtful debts	(1,123)	(1,123)	(403)	(403)
	<b>41,087</b>	<b>45,964</b>	<b>2,416</b>	<b>311</b>
Turnkey deposits	25,967	25,967	-	-
Less: Allowance for doubtful debts	(9,440)	(9,440)	-	-
	<b>16,527</b>	<b>16,527</b>	<b>-</b>	<b>-</b>
Advance billings to a turnkey contractor	16,867	16,867	-	-
	<b>1,744</b>	<b>2,185</b>	<b>144</b>	<b>91</b>
Other deposits	493	1,161	14	8
Prepayments				
Less: Transferred to assets held for sale (Note 19)				
- other receivable	-	(421)	-	-
- other deposits	-	(105)	-	-
	-	(526)	-	-
	<b>76,718</b>	<b>82,178</b>	<b>2,574</b>	<b>410</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

- (i) Included in the following other receivables and turnkey deposits is an amount due by a turnkey contractor.

	Group	
	2009 RM'000	2008 RM'000
<b><u>Other receivables</u></b>		
Liquidated and ascertained damages ("LAD") receivable from turnkey contractor	4,874	4,874
<b><u>Turnkey Deposits</u></b>		
Turnkey deposits are deposit paid to turnkey contractor for housing development projects upon award of the said development projects which will be refunded upon completion of the projects	12,577	12,577
Advance billings to a turnkey contractor	16,867	16,867
	<b>34,318</b>	<b>34,318</b>

During the last financial year, the directors were of the opinion that the amount due by the turnkey contractor of RM34.318 million is fully recoverable as the turnkey contractor has agreed to settle the debt within a period of two years and it has honoured the first payment of RM2.49 million by way of a set-off arrangement (Note 7(iv)). Further cash payments of RM1.80 million and a settlement plan for RM14.40 million were expected by the directors to be formulated by the turnkey contractor during the financial year 2009 which did not materialise.

On 25th April 2010, the Group entered into a settlement agreement with the parties concern to the turnkey contractor to partly settle the outstanding amount via a set-off arrangement involving two units of four-storey shop lots to be constructed in Kota Damansara, Selangor. The amount to be settled under the settlement agreement is RM11.35 million, which is the selling price of the said shop lots. As for the remaining balance of RM22.968 million, the directors are currently at an advance stage of discussion to formulate further settlement plans with the turnkey contractor.

In view of the above, the directors are of the opinion that the amount of RM34.318 million is fully recoverable and no allowance for doubtful debts is required to be incorporated in the financial statements.

- (ii) Included in turnkey deposits is an amount due by a company in which certain directors of the Company and a brother of certain directors of the Company has substantial financial interest.

	Group	
	2009 RM'000	2008 RM'000
<b><u>Turnkey Deposits</u></b>		
Turnkey deposits are deposit paid to turnkey contractor for housing development projects upon award of the said development projects which will be refunded upon completion of the projects	3,950	3,950

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

On 25th April 2010, the Group entered into a settlement agreement with parties concern to the turnkey contractor to partly settle the outstanding amount via a set-off arrangement of a unit of four-storey shop lots to be constructed in Kota Damansara, Selangor. The amount to be settled under the settlement agreements is RM2.35 million, which is the selling price of the said shop lot.

	Group	
	2009 RM'000	2008 RM'000
(iii) Included in other receivables is development expenditure on relocation of squatters recoverable from KPRJ in accordance with the development agreement (Note 8(a)) , net of KPRJ entitlement on the sale value	5,376	6,079

(iv) Included in other receivables is an amount of retention sum for shortfall in minimum net income arising from the disposal of assets held for sale amounting to RM13 million. Pursuant to the sale and purchase agreement for assets held for sale, the allowance is made towards the shortfall on minimum net income guaranteed on the disposal.

	Group	
	2009 RM'000	2008 RM'000
Gross retention	13,000	13,000
Less: Allowance for shortfall on minimum net income	(13,000)	(5,770)
	-	7,230

The Group has utilised the entire retention sum, an amount of RM1.580 million has been incorporated in the financial statements (Note 28(ii)) which represents the deficit of retention sum payable.

### 14. AMOUNT DUE FROM SUBSIDIARIES

	Company (Restated)	
	2009 RM'000	2008 RM'000
Amount due from subsidiaries	48,061	53,139
Less: Allowance for doubtful debts	(14,000)	(14,000)
	34,061	39,139

The amount due from subsidiaries represent advances and payments made on behalf which are unsecured, interest free and have no fixed terms of repayment.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 15. AMOUNT DUE FROM FORMER SUBSIDIARIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Amount due from former subsidiaries	5,351	-	3,948	3,512
Less: Allowance for doubtful debts	(1,248)	-	(1,248)	(692)
	<b>4,103</b>	<b>-</b>	<b>2,700</b>	<b>2,820</b>

The amount due from former subsidiaries represent advances and payments made on behalf which are unsecured, interest free and have no fixed terms of repayment.

### 16. AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate represent advances and payments made on behalf which are unsecured, interest free and have no fixed terms of repayment.

### 17. DEPOSITS PLACED WITH LICENSED BANKS

#### Group

The deposits placed with licensed banks amounting to RM246,000/- (2008: RM230,000/-) are pledged to certain banks to secure banking facilities granted to the Group.

The deposits placed with licensed banks bear effective interest rates ranging from 3.70% to 3.90% (2008: 3.70% to 3.90%) per annum.

### 18. CASH AND BANK BALANCES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	3,043	6,524	8	26
Cash held under Housing Development Accounts	301	1,058	-	-
	<b>3,344</b>	<b>7,582</b>	<b>8</b>	<b>26</b>
Less : Transfer to assets held for sale (Note 19)				
- Cash and bank balances	-	(166)	-	-
- Cash held under Housing Development Accounts	-	(696)	-	-
	<b>3,344</b>	<b>6,720</b>	<b>8</b>	<b>26</b>

Cash held under Housing Development Accounts by subsidiaries represents receipts from purchasers of residential properties less payments or withdrawals provided pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966.

Cash held under Housing Development Accounts amounting to RM301,509/- (2008: RM362,191/-) is pledged to licensed banks to secure banking facilities as stated at Note 24(II)(viii) to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 19. ASSETS HELD FOR SALE

#### (a) Group

##### 2008

On 9th July 2008, the Company and its wholly owned subsidiary, Litaran Bayu Sdn. Bhd ("LB") entered into a share sale agreement with Equal Hope Ventures Sdn. Bhd. ("EHV") for the disposal of 30% direct shareholding and 70% indirect shareholding respectively in Kota Malim Sdn. Bhd. ("KM") through LB for a cash consideration of RM2.0 million. A deposit amounting to RM 200,000/- was received and included in other payable. Upon completion, KM shall cease to be an indirect subsidiary of the Company.

The disposal of the subsidiary was completed on 17th April 2009. As at 31st December 2008, the assets and liabilities of KM have been presented on the consolidated balance sheet as assets held for sale and the result derived from this subsidiary is presented separately on the consolidated income statement as discontinued operations. The carrying amount of RM Nil, being the investment in this subsidiary (Note 19(b)) has also been presented as a non-current assets held for sale on the Company's balance sheet as at 31st December 2008.

An analysis of the result of the discontinued operations in arriving at the result recognised from the disposal of the investment in a subsidiary are as follows:

	2009 RM'000	2008 RM'000
Revenue	95	8
Expenses	(155)	(676)
LOSS BEFORE TAX OF DISCONTINUED OPERATIONS	(60)	(668)
Taxation	-	-
LOSS FOR THE FINANCIAL YEAR FROM DISCONTINUED OPERATIONS	(60)	(668)

The following amounts have been included in arriving at operating loss of the discontinued operations:

	2009 RM'000	2008 RM'000
After charging:-		
Audit fee	3	11
Depreciation	-	36
Staff costs		
- salaries, overtime and allowance	8	37
- defined contribution plan	9	5
And crediting:-		
Interest income	1	5
Rental income	20	76

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 19. ASSETS HELD FOR SALE (cont'd))

The major classes of assets and liabilities classified as held for sale in the consolidated balance sheets as at 31st December 2008 are as follows:

	2009 RM'000	2008 RM'000
<b>Assets</b>		
Property, plant and equipment (Note 4)	-	151
Land held for property development * (Note 8(a))	-	19,935
Property development costs (Note 8(b))	-	16,062
Trade receivables (Note 12)	-	1,620
Other receivables, deposits and prepayments (Note 13)	-	526
Cash and bank balances (Note 18)	-	862
<i>Assets classified as held for sale</i>	-	39,156
<b>Liabilities</b>		
Trade payables (Note 27)	-	1,985
Other payables, accruals and deposits (Note 28)	-	2,899
Borrowings (Note 24(l)(b))	-	13,335
Tax payables	-	6,174
Other long term payable (Note 26)	-	1,663
<i>Liabilities directly associated with assets classified as held for sale</i>	-	26,056

\* The title to the long term leasehold land amounting to RM12.8 million is registered under the name of Perbadanan Kemajuan Negeri Perak. KM is the beneficial owner of the land, vested by the sale and purchase agreement dated 14th March 1995.

#### (b) Company

The assets classified as held for sale on the Company's balance sheet as at 31st December 2008 is as follows:

	2008 RM'000
<b>Assets</b>	
Investment in subsidiary	5,000
Less : Impairment losses	(5,000)
	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 20. SHARE CAPITAL

	Group and Company			
	2009		2008	
	Number of Shares Unit	RM'000	Number of Shares Unit	RM'000
Ordinary shares of RM0.50 each				
Authorised:				
At 1st January/31st December	500,000	250,000	500,000	250,000
Issued and fully paid:				
At 1st January/31st December	426,940	213,470	426,940	213,470

### 21. BORROWINGS (INTEREST BEARING)

	Group (Restated)	
	2009 RM'000	2008 RM'000
<b>Current liabilities</b>		
Hire purchase liabilities (Note 22)	534	649
Bank overdrafts - secured (Note 23)	15,000	15,000
Bank loans - secured (Note 24)	8,904	10,201
	<b>24,438</b>	<b>25,850</b>
<b>Non-current liabilities</b>		
Hire purchase liabilities (Note 22)	876	1,196
Bank loans - secured (Note 24)	28,836	31,137
	<b>29,712</b>	<b>32,333</b>
<b>Total borrowings</b>		
Hire purchase liabilities (Note 22)	1,410	1,845
Bank overdrafts - secured (Note 23)	15,000	15,000
Bank loans - secured (Note 24)	37,740	41,338
	<b>54,150</b>	<b>58,183</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 22. HIRE PURCHASE LIABILITIES

	Group	
	2009 RM'000	2008 RM'000
Future minimum hire purchase payments		
- not later than one year	638	769
- later than one year and not later than five years	798	1,314
- later than five years	204	-
	1,640	2,083
Future interest charges	(230)	(238)
Present value of hire purchase liabilities	1,410	1,845
<b>Current</b>		
- not later than one year	534	649
<b>Non-current</b>		
- later than one year and not later than five years	716	1,196
- later than five years	160	-
	876	1,196
	1,410	1,845

Hire purchase bear effective interest rates range from 3.75% to 11.03% (2008: 3.75% to 11.03%) per annum.

### 23. BANK OVERDRAFTS – Secured

The bank overdrafts of the Group are secured by way of:-

- (i) first legal charges over the Group's land held for property development (Note 8(a));
- (ii) first legal charges over the Group's land under development, included in property development costs (Note 8(b));
- (iii) corporate guarantees by the Company; and
- (iv) joint and several guarantees by certain directors of the Company and a brother of certain directors of the Company.

The bank overdraft bears an effective interest rate of 8.75% (2008: 8.75%) per annum for the financial year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 24. BANK LOANS – Secured

	Group	
	2009 RM'000	2008 RM'000
<b>(I) Bank loans comprise the following:-</b>		
<b>(a) Term Loans</b>		
(i) Subsequent to the completion of the proposed sale of assets held for sale (Note 19), the Term Loan I have been restructured and are repayable as follows:-		
RM25.0 million on or before 31st March 2008 from the proposed sale proceeds		
12 monthly instalments of RM350,000/- each commencing 20th April 2008		
12 monthly instalments of RM400,000/- each commencing 20th April 2009		
24 monthly instalments of RM450,000/- each commencing 20th April 2010		
36 monthly instalments of RM500,000/- each commencing 20th April 2012		
A final bullet payment on the balance on 20th March 2015	-	30,780
On 20th April 2009, the Term Loan I have been restructured and are repayable as follows:-		
24 monthly instalments of RM450,000/- each commencing on January 2010		
24 monthly instalments of RM500,000/- each commencing on January 2012		
15 monthly instalments of RM550,000/- each commencing on January 2013		
A final bullet payment on the balance on March 2015	30,780	-
(ii) RM10.0 million Term Loan II and RM10.0 million bridging loan repayable as follows:-		
3 monthly instalments ranging from RM50,000/- to RM200,000/- until 31st March 2007		
12 monthly instalments of RM50,000/- each commencing 1st April 2007		
12 monthly instalments of RM100,000/- each commencing 1st April 2008		
24 monthly instalments of RM200,000/- each commencing 1st April 2009		
Balance to be paid in 6 equal monthly instalments between 1st April 2011 to 1st October 2011	3,530	4,745

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 24. BANK LOANS – Secured (cont'd)

	Group 2009 RM'000	2008 RM'000
<b>(l) Bank loans comprise the following:-</b>		
<b>(a) Term Loans</b>		
(iii) RM13.16 million Term Loan III repayable by monthly instalments of RM219,330/- each commencing 18th August 2005	-	1,939
On 14th August 2009, the Term Loan III have been restructured and repayable by monthly instalments of RM27,239/- each commencing 11th October 2009	476	-
(iv) RM4.0 million Term Loan IV repayable by 36 equal monthly instalments of RM126,000/- each commencing 30th November 2008	-	3,874
On 14th August 2009, the Term Loan IV have been restructured and repayable by monthly instalments of RM70,189/- each commencing 11th October 2009	2,954	-
<b>Total Term Loans</b>	<b>37,740</b>	<b>41,338</b>
<b>(b) Other Borrowings</b>		
(i) RM11.4 million Fixed Loan I repayable by 31st December 2007 in bullet payment or upon redemption of titles, whichever is earlier, with adjustments to final interest	-	11,464
(ii) RM1.9 million Fixed Loan II repayable by monthly instalments of RM163,000 commencing 1st April 2007 with full settlement by 31st December 2007	-	1,871
Less: Transfer to assets held for sale (Note 19)	-	(13,335)
<b>Total Other Borrowings</b>	<b>-</b>	<b>-</b>
<b>TOTAL BANK LOANS</b>	<b>37,740</b>	<b>41,338</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 24. BANK LOANS – Secured (cont'd)

	Group	
	2009 RM'000	2008 RM'000
<b>(II) The bank loans are repayable as follows:-</b>		
Current liabilities		
- not later than one year	8,904	10,201
Non-current liabilities		
- later than one year and not later than five years	28,836	31,137
<b>Total bank loans - secured</b>	<b>37,740</b>	<b>41,338</b>

The term loans and other borrowings are secured by way of:-

- (i) first and second legal charges over entire land held for property development of the Group (Note 8(a));
- (ii) first legal charges over the Group's land under development, included in property development costs (Note 8(b));
- (iii) first legal charge over KPRJ leasehold land on which the Group's development project known as Aman Larkin Project is situated;
- (iv) first and second legal charges over the Group's freehold land and buildings (Note 4(iii)), investment properties (Note 7(ii)) and completed development properties (Note 10);
- (v) legal assignment over the sales, rental income proceeds and such other income receivable from the Group's investment properties (Note 7(ii));
- (vi) legal assignment of the surplus proceeds from the ongoing and future development projects carried out/to be carried out by the Group;
- (vii) debentures over ZKP's fixed and floating assets;
- (viii) memorandum of charge over the Housing Development Account (Note 18);
- (ix) corporate guarantees from the Company and certain substantial shareholders; and
- (x) joint and several guarantees by certain directors of the Company and a brother of certain directors of the Company.

The bank loans bear effective interest rates ranging from 7.55% to 8.30% (2008: 7.70% to 9.30%).

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

#### 25. DEFERRED TAX LIABILITIES

(a) The deferred tax assets and liabilities are made up of the following:-

	Group	
	2009 RM'000	2008 RM'000
At 1st January	11,283	10,857
Recognition in the income statements		
- current year (Note 35)	22	602
- under/(over) accrual in prior years (Note 35)	2,359	(176)
- reversal of revaluation reserve	(11,824)	-
	(9,443)	426
At 31st December	1,840	11,283
Presented after appropriate offsetting as follows:-		
Deferred tax assets	(8)	(2,285)
Deferred tax liabilities	1,848	13,568
At 31st December	1,840	11,283

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

	Group	
	2009 RM'000	2008 RM'000
<b>Deferred tax assets</b>		
At 1st January	2,285	2,707
Recognition in the income statements		
Unabsorbed tax losses	(2,285)	(385)
Unutilised capital allowances	-	(37)
Unrealised profit arising from elimination of inter company transaction	8	-
	(2,277)	(422)
At 31st December	8	2,285
<b>Deferred tax liabilities</b>		
At 1st January	13,568	13,564
Recognition in the income statements	104	4
Excess of depreciation over corresponding capital allowance	(11,824)	-
Reversal of deferred tax on revaluation reserve	(11,720)	4
At 31st December	1,848	13,568

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 25. DEFERRED TAX LIABILITIES (cont'd)

(c) The components of deferred tax assets and liabilities as at the end of the financial year comprise the following:-

	Group	
	2009 RM'000	2008 RM'000
Deferred tax assets		
Unabsorbed tax losses	-	2,291
Unutilised capital allowances	-	(6)
Unrealised profit arising from elimination of inter company transaction	8	-
As at 31st December	8	2,285
Deferred tax liabilities		
Excess of tax written down value over corresponding net book value	1,848	1,744
Revaluation reserve	-	11,824
As at 31st December	1,848	13,568
Presented after appropriate offsetting as follows:- Deferred tax liabilities, net	1,840	11,283

### 26. OTHER LONG TERM PAYABLE

	Group	
	2009 RM'000	2008 RM'000
Unpaid land at acquisition cost	-	1,663
Less: Transferred to assets held for sale (Note 19)	-	(1,663)
	-	-

The unpaid land acquisition cost was due to Perbadanan Kemajuan Negeri Perak, the former substantial shareholder of KM.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 27. TRADE PAYABLES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade payables	17,158	17,005	481	481
Progress billings in respect of property development costs	5,046	7,602	-	-
	22,204	24,607	481	481
Less: Transferred to assets held for sale (Note 19)	-	(1,985)	-	-
	22,204	22,622	481	481

#### Group

The credit terms available to the Group in respect of trade payables range from 14 to 60 days (2008: 14 to 60 days) from the date of invoices and progress billings.

Included in trade payables is an amount of RM2.286 million (2008: RM2.286 million) which represents the amount due to house buyer of abandoned projects.

### 28. OTHER PAYABLES, ACCRUALS AND DEPOSITS

	Group (Restated)		Company (Restated)	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Other payables	17,185	13,340	822	371
Less: Transferred to assets held for sale (Note 19)	-	(173)	-	-
	17,185	13,167	822	371
Accruals	23,083	23,808	366	323
Less: Transferred to assets held for sale (Note 19)	-	(2,699)	-	-
	23,083	21,109	366	323
Deposits	2,698	3,085	-	200
Less: Transferred to assets held for sale (Note 19)	-	(27)	-	-
	2,698	3,058	-	200
	42,966	37,334	1,188	894

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 28. OTHER PAYABLES, ACCRUALS AND DEPOSITS (cont'd)

- (i) All the above amounts are unsecured, interest-free and are to be settled in accordance with the normal credit terms ranging from 14 to 60 days (2008 : 14 to 60 days) from the date of invoices.
- (ii) Included in other payables are amounts of RM1.580 million (2008 : RM Nil) representing the deficit in retention sum for shortfall on minimum net income guaranteed (Note 13(iv)).
- (iii) Included in the accruals are amounts representing the followings:-

	Group	
	2009 RM'000	2008 RM'000
Term loan and bridging loan interest	1,137	1,363
Bank overdraft interest	191	109
Tax penalty	14,313	14,313
	<b>15,641</b>	<b>15,785</b>

### 29. PROVISIONS FOR LIABILITIES

	Group	
	2009 RM'000	2008 RM'000
At 1st January	89	-
Add: Additions during the financial year	272	220
Less: Utilisation during the financial year	(57)	(131)
At 31st December	<b>304</b>	<b>89</b>

The provision of furniture, fittings and equipment are the fund used and expanded for the followings:-

- (i) To pay the costs of renewals, revisions, replacements, substitutions, refurbishment and additions to the furnishing and equipments; and
- (ii) Refurbishment and extraordinary repairs of the building.

### 30. AMOUNT DUE TO SUBSIDIARIES

#### Company

The amount due to subsidiaries represent advances and payments made on behalf which are unsecured, interest free and have no fixed terms of repayment.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

#### 31. REVENUE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Proportionate sales value of development properties				
- current year	11,108	12,393	-	-
- overaccrual in prior year	(1,220)	-	-	-
Revenue from construction contract	712	1,162	-	-
Sale of hotel rooms, food and beverages and other ancillary services	30,778	31,661	-	-
Gross rental income	3,683	7,113	-	-
Car park operations	707	1,565	-	-
Sale of fresh fruit bunches	2,327	2,343	-	-
Others	276	88	-	-
	<b>48,371</b>	<b>56,325</b>	<b>-</b>	<b>-</b>

#### 32. COST OF SALES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Proportionate cost value of development properties				
- current year	9,504	11,844	-	-
- overaccrual in prior year	(587)	-	-	-
Cost of construction contract	656	1,162	-	-
Cost of hotel services rendered	17,173	14,483	-	-
Properties letting direct expenses	3,044	3,996	-	-
Cost of car park operations	121	191	-	-
Costs of sales for fresh fruit bunches	1,188	1,306	-	-
Others	165	96	-	-
	<b>31,264</b>	<b>33,078</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 33. OPERATING (LOSS)/PROFIT

Operating (loss)/profit has been arrived at:-

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
After charging:-				
Allowance for doubtful debts included				
- trade receivables	107	3,000	-	-
- amount due from former subsidiaries	1,248	-	556	-
- amount due from former related companies	8,686	-	-	-
Allowance for minimum net income guarantee	8,810	5,770	-	-
Audit fee:				
- current year	77	112	36	32
- under accrual in prior years	2	8	-	-
Bad debts written off	91	1,696	1	20
Depreciation	1,287	1,818	12	16
Directors' remuneration:				
- fees	201	140	201	140
- salaries, bonuses and allowances				
- company's directors	492	544	492	544
- others	36	37	36	37
Loss on disposal on investment properties	2,802	-	-	-
Net changes on fair value adjustments on investment properties	-	378	-	-
Property, plant and equipment written off	379	-	-	-
Provision for liabilities	272	220	-	-
Rental of:				
- equipment	17	123	3	4
- motor vehicle	152	99	136	95
- premises	8,624	5,656	211	119
- plant	1	-	1	-
Staff costs:				
- salaries, overtime and allowance	7,110	6,710	1,045	1,196
- defined contribution plan	478	489	169	202
- other employee benefits	1,231	1,305	30	30
Tax penalty	-	1,537	-	-
And crediting:-				
Allowance for doubtful debts no longer required	76	1,566	-	-
Deposit forfeited	150	156	-	-
Gain on disposal of:				
- property, plant and equipment	371	20	-	-
- assets held for sale	2,187	7,535	600	-
- investment properties	-	677	-	-
- investment in subsidiaries	1,678	-	-	-
Gain on realised foreign exchange	-	1	-	-
Hire of motor vehicle	8	-	-	-
Interest income	271	949	-	-
Late payment interest income	-	127	-	-
Rental income	1,071	1,224	-	-
Waiver of management fee	-	3,000	-	-
Waiver of amount due to contractors	2,586	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 34. FINANCE COSTS

	Group	
	2009 RM'000	2008 RM'000
Bank loans:		
- current year	3,872	3,649
- overaccrual in prior year	(40)	-
Hire purchase liabilities	119	120
Interest on late payments	77	3,527
Others	-	33
	<b>4,028</b>	<b>7,329</b>

### 35. TAXATION

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Continuing operations</b>				
Current year				
- income tax	-	(33)	-	-
- deferred tax (Note 25(a))	(22)	(602)	-	-
	(22)	(635)	-	-
Over/(under) accrual of tax in prior year				
- income tax	1,538	(15)	-	(2)
- deferred tax (Note 25(a))	(2,359)	176	-	-
	(821)	161	-	-
<b>Total taxation from continuing operations</b>	<b>(843)</b>	<b>(474)</b>	<b>-</b>	<b>(2)</b>

The income tax is calculated at the Malaysian statutory rate of 25% (2008: 26%) on the estimated assessable profit for the financial year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 35. TAXATION (cont'd)

A reconciliation of income tax expense applicable to (loss)/profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(Loss)/profit before taxation from:				
- continuing operations	(22,634)	(19,487)	(686)	44
- discontinued operations	(60)	(668)	-	-
	(22,694)	(20,155)	(686)	44
Tax at the applicable tax rate of 25% (2008: 26%)	5,674	5,240	172	(11)
Tax effects arising from				
- non-deductible expenses	(3,614)	(4,785)	(181)	(49)
- non-taxable income	1,335	4,977	-	-
- deferred tax recognised at different tax rate	-	(209)	-	2
- (originations)/reversals of deferred tax assets not recognised in the financial statements	(3,394)	(5,815)	9	58
- (under)/over accrual in prior years	(821)	161	-	(2)
- share of results of an associate	(31)	(43)	-	-
- temporary differences arising on unrealised profit	8	-	-	-
Tax expense for the financial year	(843)	(474)	-	(2)

Further, the deferred tax assets have not been recognised for the following items:-

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Excess of net book value over corresponding tax written down value	(5,037)	(4,922)	(7)	(8)
Excess of tax written down value over corresponding net book value	310	289	-	-
Unabsorbed tax losses	123,448	110,086	100	137
Unutilised capital allowances	77,371	77,060	-	-
As at 31st December	196,092	182,513	93	129
Potential deferred tax assets not recognised at 25% ( 2008: 25% )	49,023	45,629	23	32

The unabsorbed tax losses and unutilised capital allowances are available indefinitely to offset against future taxable profits of the subsidiaries in which those items arose.

Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 36. LOSS PER ORDINARY SHARE

- (i) Basic loss per share is calculated by dividing the loss for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	<b>Group</b>	
	<b>2009 RM'000</b>	<b>2008 RM'000</b>
Loss from continuing operations attributable to ordinary equity holders of the Company	(23,477)	(19,961)
Loss from discontinued operations attributable to ordinary equity holders of the Company	(60)	(668)
Loss attributable to ordinary equity holders of the Company	(23,537)	(20,629)
Weighted average number of ordinary shares in issue	426,940	426,940
Basic loss per share (sen) for:		
Loss from continuing operations	(5.50)	(4.68)
Loss from discontinued operations	(0.01)	(0.15)
Loss for the financial year	(5.51)	(4.83)

- (ii) There are no diluted earnings per share as the Company does not have any dilutive potential ordinary shares.

### 37. CONTINGENT LIABILITIES

As at 31st December 2009, the Group and the company are contingently liable for the following:-

	<b>Group</b>		<b>Company</b>	
	<b>2009 RM'000</b>	<b>2008 RM'000</b>	<b>2009 RM'000</b>	<b>2008 RM'000</b>
Guarantees given to financial institutions for credit facilities granted to subsidiaries	-	-	110,505	123,805
Guarantees given to financial institutions for credit facilities granted to an associate	18,000	18,000	-	-
	<b>18,000</b>	<b>18,000</b>	<b>110,505</b>	<b>123,805</b>

- (i) The Group's bank guarantees are secured over certain properties and deposits placed with the licensed banks of the Group and are also jointly and severally guaranteed by certain directors of the Company.
- (ii) As detailed in Note 39(x) to the financial statements, subsequent to the financial year end, a settlement was reached between two group of shop lot purchasers and the Company's wholly owned subsidiary, Meda Development Shd Bhd, whereby the Company shall guarantee the payment of the judgement sum to be obtained by the two groups of shop lot purchasers against Meda Development Sdn Bhd.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 38. CONTINGENT ASSETS

In relation to the material litigation as disclosed in Note 36(ii) to the financial statements, the directors have been advised by their solicitors that the wholly owned subsidiary ZKP Development Sdn. Bhd “ZKP” has a good case against AM Assurance Berhad.

ZKP submitted a claim for the sum of RM6,016,154/- being loss and damages suffered to its properties during the insured period.

### 39. MATERIAL LITIGATIONS

#### (i) The Store Corporation Berhad and The Store (Malaysia) Sdn Bhd (“The Store”) Vs ZKP Development Sdn Bhd (“ZKP”)

This matter arose out of a tenancy agreement entered into between the two parties whereby The Store agreed to rent all the premises being Shoplots S2.67, F1.19, G0.58 and LG0.57 of The Summit Bukit Mertajam.

The Store applied for a declaration order against ZKP to seek inter alia the Court’s declaration that the outstanding arrears in rental of RM4.7 million claimed by ZKP in the financial year 2002 to be unlawful and a declaration from the Court of what ought to be the applicable rental rate per square foot for the respective term of the tenancy.

The Court granted Order In Terms to convert the originating summons into a Writ Action on 21st Oct 2004 and in the same action, ZKP filed a counter claim inter alia, for the sum of RM8,972,258/- being the shortfall of rental payable by The Store as at 2004 and continuing together with interest at the rate of 12% per annum.

Pursuant thereto, ZKP filed an application for Summary Judgement against The Store which was dismissed on 12th August 2005.

ZKP’s appeal was dismissed with costs on 24th July 2006 and later filed its appeal against the Judge’s decision. The Court of Appeal has dismissed ZKP’s appeal with costs on 18th July 2007.

The High Court has fixed the date of 5th April 2010 for case management.

The above matter is now fixed for further case management on 21st June 2010 for parties to filed in their respectively witness statements. The trial date will fixed on 20th October 2010 to 22nd October 2010.

#### (ii) ZKP Development Sdn Bhd (“ZKP”) Vs AM Assurance Berhad (“AM”)

This is a contract of insurance where AM agreed to insure and indemnify ZKP up to total sum of RM74,000,000/-. ZKP had submitted a claim for the sum of RM6,016,154/- being loss and damage suffered to its properties during the insured period.

AM had repudiated their liability in the contract of insurance. A Writ Of Summons was initiated thereafter by ZKP against AM to claim amongst others the aforesaid sum of RM6,016,154/-.

The Timbalan Pendaftar had allowed AM’s application to strike out ZKP’s Writ and Statement of Claim on reason that it was time-barred and ZKP later filed its appeal against the Timbalan Pendaftar’s decision.

On 29th October 2009, the Judge allowed ZKP’s appeal. AM has since filed their Notice of Appeal. ZKP is awaiting notice of the Appeal mention date.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 39. MATERIAL LITIGATIONS (cont'd)

#### (iii) Lembaga Hasil Dalam Negeri ("LHDN") Vs ZKP Development Sdn Bhd ("ZKP")

A Writ of Summon was initiated by LHDN against ZKP to claim the sum of RM9,603,548/- in respect of outstanding tax assessments and tax penalties for the Years of Assessment from 1998 to 2001 on 2nd November 2006. ZKP is attempting to strike out the writ and statement of claim at the hearing on 17th May 2010.

Subsequent to ZKP is filing its Statement of Defence for two other matters amounting to RM391,733/- on 14th February 2007. LHDN has applied for Summary Judgement. One of which is brought up for hearing on 9th June 2010 whilst on the other matter, ZKP has requested to strike out Writ and Summons. The hearing of Summons in Chambers is on 6th May 2010.

#### (iv) Lembaga Hasil Dalam Negeri ("LHDN") Vs Meda Development Sdn Bhd ("MD")

Writs of Summons were filed by LHDN against MD to claim the total sum of RM22,466,768/- in respect of outstanding tax assessments and tax penalties for Years of Assessment from 2001 to 2007.

MD had entered appearances and filed its Statements of Defence. Subsequent to that, LHDN applied to the Court for Summary Judgement. Mention of LHDN's application in relation to the three Writs has been fixed for 6th May 2010, 10th May 2010 and 18th May 2010 respectively.

#### (v) Lembaga Hasil Dalam Negeri ("LHDN") Vs Sri Lingga Sdn Bhd ("SL")

Writs of Summon were initiated by LHDN against SL to claim the sum of RM7,281,718/- in respect of outstanding tax assessments and tax penalties for Years of Assessment 2002 and 2003.

SL had appointed its solicitors to defend the claim and the said solicitors have entered appearances and filed Statements of Defence on behalf of SL. This matter is currently pending LHDN's reply in respect of one of the Writs while Mention for the other Writs has been fixed for 10th May 2010.

#### (vi) Lembaga Hasil Dalam Negeri ("LHDN") Vs Nandex Development Sdn Bhd ("ND")

A Writ of Summon was initiated by LHDN against ND to claim the sum of RM2,040,578/- in respect of outstanding tax assessments and tax penalties for the Year of Assessment 2006.

ND had appointed its solicitors to rebut the. Subsequent to that, LHDN applied to the Court for Summary Judgement. Matter now is fixed for Hearing of Summons in Chambers to strike out Writ and Statement of Claim on 17th May 2010.

#### (vii) Lembaga Hasil Dalam Negeri ("LHDN") Vs Everlasting Growth Sdn Bhd ("EG")

A Writ of Summon was initiated by LHDN against EG to claim the sum of RM924,303/- in respect of outstanding tax assessments for the Year of Assessment 2006.

LHDN has applied for Summary of Judgement and fixed for case management on 20th May 2010.

#### (viii) Lembaga Hasil Dalam Negeri ("LHDN") Vs Cemerlang Land Sdn Bhd ("CL")

A Writ of Summon was initiated by LHDN against CL to claim the sum of RM3,591,236/- in respect of outstanding tax assessments and tax penalties for the Year of Assessment 2002.

CL had appointed its solicitors to rebut. Subsequent to that, the matter came out for Hearing of Summons in Chambers to strike out Writ and Statement of Claim on 21st April 2010. CL is now waiting next date from court.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 39. MATERIAL LITIGATIONS (cont'd)

#### (ix) Nandex Development Sdn Bhd ("ND") Vs Intra Design Sdn Bhd ("ID")

ND, the wholly owned subsidiary had initiated an injunction action against ID via an Originating Summons dated 8 August 2007 to restrain ID from presenting a winding up petition against ND in relation to two (2) Notices under Section 218, Companies Act 1965 both dated 20 July 2007 over the alleged debts of RM1,358,371/- and RM242,964/-based on the interim certificates of payment together with 2.5% Retention Sum of which ID claimed that the final certificates for payment have yet to be issued by the consultants.

The court had granted ND's application for an injunction to restrain ID from filing a winding-up petition. ID had since appealed against the decision. The Court had dismissed ID's appeal with costs on 15 October 2008.

Subsequent to the above injunction, on 16 April 2009, ND was served with a writ of summons and statement of claim dated 19 March 2009 by ID claiming a total of RM2,612,971/- purportedly being monies due and owing to ID for outstanding certification, moiety and interior designing work done for ND.

ID has filed an application to enter Summary Judgement and this matter is fixed for mention on 21st March 2010.

ID's summary judgement application was granted by the court on 29th March 2010 and ND has filed in their appeal.

#### (x) Chow Tat Meng & 150 Others ("CTM") Vs Meda Development Sdn Bhd and 10 Others ("MD") Azizah Rahman & 35 Others ("AR") Vs Meda Development Sdn Bhd & 7 Others ("MD")

Two groups of shop lot purchasers, CTM and AR, had since 16th April 2005 commenced separate legal actions against the wholly owned subsidiary of the Company, MD, claiming for liquidated damages amounting to RM16,979,033/- and RM5,466,184/- respectively. Fresh applications were filed by both CTM and AR against MD under Civil Suits No. S6-22-145-2005 and No.S6-22-308-2006 on 19th February 2008 and 30th January 2008 respectively to preserve the sums of RM30 million and RM9 million in stakeholders' account.

The High Court had on 24th June 2008 dismissed CTM's application and accordingly CTM filed an appeal under Civil Appeal No. W-02-706-2008 and the Court of Appeal ("COA") had fixed 10th February 2009 for the hearing. In the case of AR, the High Court recorded a consent order that the decision of CTM vs MD case as mentioned shall bind the case and therefore AR's application was duly dismissed on 18th July 2008. Accordingly AR filed an appeal under Civil Appeal No W-02-820-2008 and the COA had also fixed 10th February 2009 for the hearing.

On 12th February 2009, the COA had ordered MD to preserve the total sum of RM22.4 million in an interest bearing account, to be executed within 7days from the date of Order.

MD had accordingly filed a motion for stay of the Order and both CTM and AR had filed a motion for leave to commence committal proceedings against the directors of MD. Both hearings were fixed on 10th March 2009 at the COA but were subsequently postponed to 23rd March 2009. However, a settlement was reached prior to the aforesaid hearing date whereby the following matters were agreed by both CTM and AR together with MD:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 39. MATERIAL LITIGATIONS (cont'd)

**(x) Chow Tat Meng & 150 Others ("CTM") Vs Meda Development Sdn Bhd and 10 Others ("MD")  
Azizah Rahman & 35 Others ("AR") Vs Meda Development Sdn Bhd & 7 Others ("MD")  
(cont'd)**

- (i) MD undertakes to deposit into an interest bearing account under the names of Messrs AJ Ariffin Yeo & Hampul and Messrs SC Lim & Partner, within 14 days of MD's receipt of the sum of RM2.0 million from Mayban Trustees Berhad ("MTB") and /or their solicitors, which is being retained by MTB as security for the performance of MD's obligations to obtain the issuance of the strata titles of the properties sold to MTB under the Sales and Purchase Agreement dated 30th November 2007 between MD and MTB, as trustees for AmFirst Real Estate Trust;
- (ii) Dato' Dr. Teoh Seng Foo and Mr. Teoh Seng Kian shall jointly guarantee the payment of up to a total aggregate sum of RM3.0 million on the final judgement sum (after exhausting all avenues of appeal) obtained by the CTM and AR against MD; and
- (iii) The Company shall guarantee the payment of the judgement sum obtained by CTM and AR against MD.

In consideration of the above, CTM and AR had agreed that:-

- (i) the COA orders shall be unenforceable;
- (ii) CTM and AR shall not demand MD's compliance of the COA Orders and / or enforce the COA Orders, and any reliefs there from, by whatsoever means and any form of execution proceedings already filed, including the committal proceedings (whether at the High Court or Court of Appeal) shall be withdrawn with no order as to costs; and
- (iii) MD shall withdraw their Notice of Motion for stay of execution (at the Court of Appeal) dated 17th February 2009, with no order as to costs.

The notice of motions filed at the COA were, as agreed withdrawn on 23rd March 2009.

The court has directed that both cases be heard together and fixed the matter for hearing on 7th May 2010.

### 40. SIGNIFICANT RELATED PARTY DISCLOSURES

**(a) Identities of Related Parties**

The Company has controlling related party relationships with its direct and indirect subsidiaries.

The Group also has related party relationships with the following parties:-

- (i) Substantial shareholders of the Company  
Ecofirst Consolidated Berhad ("ECO")
- (ii) Associates of ECO  
SEG International Berhad ("SEG")



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 40. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

#### (a) Identities of Related Parties (cont'd)

- (iii) A company in which directors of the Company, Dato' (Dr.) Teoh Seng Foo, Teoh Seng Kian and their brother have substantial financial interest

Meda Complex Management (USJ) Sdn. Bhd. ("MCMU")

- (iv) A company in which Dato' (Dr.) Teoh Seng Foo, a director of the Company and his brother have substantial financial interests

Meda Complex Management (Bukit Mertajam) Sdn. Bhd. ("MCMB")

#### (b) Significant Related Party Transactions and Balances

In the normal course of business, the Group undertakes transactions with some of its related parties listed above. Set out below are the significant related party transactions for the financial year (in addition to related party disclosures mentioned elsewhere in the financial statements). The related party transactions described below were carried out on terms and conditions mutually agreed between the respective parties.

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Hotel and related services rendered to:				
- MCMU	-	86	-	-
- MCMB	268	12	-	-
- SEG	-	71	-	-
- ECO	20	14	-	-
Rental income from:				
- MCMU	-	112	-	-
- MCMB	84	258	-	-
- ECO	-	58	-	-
Service charges paid and payable to:				
- MCMU	-	799	-	55
- MCMB	2,117	2,068	-	-
Rental expenses to:				
- MD	-	-	-	30
Electricity charges paid and payable to:				
- MCMB	140	-	-	-
Administrative fees charged to:				
- ND	-	-	240	720
- SL	-	-	720	420
- MD	-	-	360	360
- MPM	-	-	60	60
- ZKP	-	-	60	60
- EG	-	-	120	600
- IP	-	-	120	600
- CL	-	-	480	360
- MR	-	-	60	60
- MIBC	-	-	240	-
- XD	-	-	60	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 40. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

#### (c) Key Management Personnel Compensation

The remuneration of key management during the year financial are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Key management personnel *				
- short-term employee benefits	1,454	1,260	923	866
- post-employment benefits:				
- defined contribution plan	171	127	108	85
	1,625	1,387	1,031	951

\* Key management personnel comprise persons including the directors of the Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

Included in the total key management personnel are:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors' remuneration (Note 33)				
- fees	201	140	201	140
- salaries, bonuses and allowances:				
- company's directors	492	544	492	544
- others	36	37	36	37
	729	721	729	721

### 41. SEGMENT INFORMATION

The Group's operations comprise the following business segments:

Property development	Development of residential and commercial properties and agricultural lots.
Property investment	Rental collection from investment properties.
Hotel operations	Hotel operations.
Others	Business involved in cultivation of oil palm, provision of landscaping, project management services, provision of adventure facilities and consultancy services, building contractor and operation of car park in commercial properties

Inter-segment sales represent the car park rental charged by the property investment segment to the car park operation segment. Inter-segment pricing is determined on an arm's length basis under terms, conditions and prices not materially different from transactions with unrelated parties.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 41. SEGMENT INFORMATION (cont'd)

2009	Continuing Operations					Discontinued Operations		
	Property Development RM'000	Property Investment RM'000	Hotel Operations RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000	Property Development RM'000	Total Operations RM'000
<b>Revenue</b>								
External Sales	12,791	3,747	30,845	988	-	48,371	95	48,466
Inter-segment sales	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12,791</b>	<b>3,747</b>	<b>30,845</b>	<b>988</b>	<b>-</b>	<b>48,371</b>	<b>95</b>	<b>48,466</b>
<b>Results</b>								
Segment results	(178)	1,387	(1,520)	(162)	-	(473)	(60)	(533)
Unallocated items:								
Corporate expenses						(3,132)	-	(3,132)
Gain on disposal of:								
- investment in subsidiary						1,678	-	1,678
- assets held for sale						2,187	-	2,187
Allowance for doubtful debts:								
- amount due from former subsidiaries						(1,248)	-	(1,248)
- amount due from former related companies						(8,686)	-	(8,686)
Allowance for minimum net income guarantee						(8,810)	-	(8,810)
Finance costs						(4,028)	-	(4,028)
Share of results of an associate						(122)	-	(122)
<b>Loss before tax</b>						<b>(22,634)</b>	<b>(60)</b>	<b>(22,694)</b>
<b>Taxation</b>						<b>(843)</b>	<b>-</b>	<b>(843)</b>
<b>Loss after tax</b>						<b>(23,477)</b>	<b>(60)</b>	<b>(23,537)</b>
<b>Minority interests</b>						<b>-</b>	<b>-</b>	<b>-</b>
<b>Net loss for the financial year</b>						<b>(23,477)</b>	<b>(60)</b>	<b>(23,537)</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 41. SEGMENT INFORMATION (cont'd)

2009	Property Development RM'000	Property Investment RM'000	Hotel Operations RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>Assets</b>						
Segment assets	202,539	90,115	9,419	1,241	131	303,445
Tax assets	91	-	-	20	-	111
Investment in an associate	2,824	-	-	-	-	2,824
Unallocated corporate assets	811	-	-	-	-	811
<b>Total assets</b>						307,191
<b>Liabilities</b>						
Segment liabilities	25,437	31,946	7,842	2,089	-	67,314
Tax liabilities	11,984	35,851	1,272	1	-	49,108
Borrowings	22,098	31,448	476	128	-	54,150
<b>Total liabilities</b>						170,572
<b>Other segment information</b>						
Capital expenditure	31	439	297	160	-	927
Depreciation	329	244	681	33	-	1,287

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 41. SEGMENT INFORMATION (cont'd)

2008	Continuing Operations					Discontinued Operations		
	Property Development RM'000	Property Investment RM'000	Hotel Operations RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000	Property Development RM'000	Total Operations RM'000
<b>Revenue</b>								
External Sales	14,934	8,480	31,661	1,250	-	56,325	8	56,333
Inter-segment sales	-	-	-	-	-	-	-	-
<b>Total</b>	<b>14,934</b>	<b>8,480</b>	<b>31,661</b>	<b>1,250</b>	<b>-</b>	<b>56,325</b>	<b>8</b>	<b>56,333</b>
<b>Results</b>								
Segment results	(2,205)	(4,817)	1,711	(1,566)	-	(6,877)	(668)	(7,545)
Unallocated items:								
Corporate expenses						(3,504)	-	(3,504)
Allowance for minimum net income guarantee						(5,770)	-	(5,770)
Allowance for doubtful debts						(3,000)	-	(3,000)
Net loss on fair value adjustment investment properties						(378)	-	(378)
Gain on disposal of asset held for sales						7,535	-	7,535
Finance costs						(7,329)	-	(7,329)
Share of results of an associate	(164)	-	-	-	-	(164)	-	(164)
<b>Loss before tax</b>						<b>(19,487)</b>	<b>(668)</b>	<b>(20,155)</b>
<b>Taxation</b>						<b>(474)</b>	<b>-</b>	<b>(474)</b>
<b>Loss after tax</b>						<b>(19,961)</b>	<b>(668)</b>	<b>(20,629)</b>
<b>Minority interests</b>						<b>-</b>	<b>-</b>	<b>-</b>
<b>Net loss for the financial year</b>						<b>(19,961)</b>	<b>(668)</b>	<b>(20,629)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

#### 41. SEGMENT INFORMATION (cont'd)

2008	Continuing Operations					Discontinued Operations		
	Property Development RM'000	Property Investment RM'000	Hotel Operations RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000	Property Development RM'000	Total Operations RM'000
<b>Assets</b>								
Segment assets	164,356	119,108	25,817	2,111	170	311,562	39,156	350,718
Tax assets	-	-	-	111	-	111	-	111
Investment in associates	2,945	-	-	1	-	2,946	-	2,946
Unallocated corporate assets	811	-	-	-	-	811	-	811
<b>Total assets</b>						315,430	39,156	354,586
<b>Liabilities</b>								
Segment liabilities	34,482	28,898	6,132	1,830	(16)	71,326	6,547	77,873
Tax liabilities	11,985	37,432	1,272	-	-	50,689	6,174	56,863
Borrowings	25,837	31,589	757	-	-	58,183	13,335	71,518
<b>Total liabilities</b>						180,198	26,056	206,254
<b>Other segment information</b>								
Capital expenditure	382	-	630	-	-	1,012	-	1,012
Depreciation	242	780	608	188	-	1,818	36	1,854
Other significant non-cash expenses other than depreciation	-	11,773	125	69	-	11,967	-	11,967

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 42. FINANCIAL INSTRUMENTS

#### (a) Financial Risk Management

The Board of Directors recognises the importance of financial risk management in the overall management of the Company's business. A sound risk management system will not only mitigate financial risk but will be able to create opportunities if risk elements are properly managed.

The Group seeks to manage effectively the various risks namely credit, liquidity and interest rate risks, to which the Group is exposed to in its daily operations.

#### (i) Credit risk

The directors believe that no additional credit risk beyond amounts provided for doubtful debts is inherent in the Group's trade and other receivables.

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

The Group has no significant concentration of credit risk except as disclosed in Note 12(iii) and 12(iv) to the financial statements. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheet.

#### (ii) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met.

#### (iii) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debts as at 31st December 2009. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

Group As at 31st December 2009	Effective Interest Rate %	Within 1 Year RM'000	1 - 5 Years RM'000	More than 5 Years RM'000	Total RM'000
<b>Financial Asset</b>					
Deposits placed with licensed banks	3.70 - 3.90	246	-	-	246
<b>Financial Liabilities</b>					
Bank overdrafts - secured	8.75	15,000	-	-	15,000
Bank loans - secured	7.55 - 8.30	8,904	28,836	-	37,740
Hire purchase liabilities	3.75 - 11.03	534	876	-	1,410



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 42. FINANCIAL INSTRUMENTS (cont'd)

#### (a) Financial Risk Management (cont'd)

##### (iii) Interest rate risk (cont'd)

Group As at 31st December 2008	Effective Interest Rate %	Within 1 Year RM'000	1 - 5 Years RM'000	More than 5 Years RM'000	Total RM'000
<b>Financial Asset</b>					
Deposits placed with licensed banks	3.70 - 3.90	230	-	-	230
<b>Financial Liabilities</b>					
Bank overdrafts - secured	8.75	15,000	-	-	15,000
Bank loans - secured	7.70 - 9.30	10,201	31,137	-	41,338
Hire purchase liabilities	3.75 - 11.03	649	1,196	-	1,845

#### (b) Fair Values

##### (i) Recognised financial instruments

The fair values of financial assets and financial liabilities approximate their respective carrying values on the balance sheets of the Group and of the Company.

##### (ii) Unrecognised financial instruments

There were no unrecognised financial instruments as at 31st December 2009.

### 43. PROFIT GUARANTEE

In consideration of the acquisition of Cemerlang Land Sdn. Bhd. ("CL") from the substantial shareholder of the Company, Ecofirst Consolidated Berhad ("ECO"), ECO had granted a guarantee via a profit guarantee agreement ("PGA") dated 27 December 2001 that the aggregate audited profit after tax of CL for the three financial years commencing from 1st January 2002 or until the termination of the development agreement with KPRJ, the registered land owner of the project of CL, whichever is earlier, shall not be less than RM6.0 million.

The PGA expired on 31st December 2004 and the shortfall of the profit guarantee is determined at RM4,531,073/-. In financial year 2006, ECO transferred a land lot from its investment property worth RM2,341,922/- to Majlis Perbadanan Subang Jaya as a settlement of assessment owing by a subsidiary of the Company. The transfer was treated as part settlement of the profit guarantee and ECO intended to settle the balance of RM2,189,151/- by the transfer of another land lot from the same investment property.

The Company is currently in negotiation with ECO on the revision to the terms of settlement.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2009

### 44. RECLASSIFICATION OF COMPARATIVES

The following comparative amounts have been reclassified in order to conform with the presentation in the current year:-

	As Previously Reported RM'000	Reclassification RM'000	As Restated RM'000
<b>Company</b>			
<b>At 31st December 2008</b>			
<b>Balance Sheets</b>			
<b>Current assets</b>			
Other receivables, deposits and prepayments	440	(30)	410
Amount due from subsidiaries	41,959	(2,820)	39,139
Amount due from former subsidiaries	-	2,820	2,820
Amount due from an associate	-	30	30
<b>Group</b>			
<b>At 31st December 2008</b>			
<b>Balance Sheets</b>			
<b>Current assets</b>			
Other receivables, deposits and prepayments	92,747	(10,569)	82,178
Amount due from an associate	-	10,364	10,364
<b>Current liabilities</b>			
Trade payables	16,915	5,707	22,622
Other payables, deposits and accruals	37,519	(185)	37,334
Progress billings	5,707	(5,707)	-
Provisions for liabilities	-	89	89
Borrowings (interest bearing)	25,959	(109)	25,850
<b>Income Statements</b>			
Costs of sales	23,954	9,124	33,078
Administrative expenses	54,965	(9,124)	45,841

### 45. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 10th April 2009, the Company entered into a shares sale agreement to acquire 2,550,000 ordinary shares of RM1/- each representing 51% of the entire issued and paid-up share capital of Hadhari Cattle Industry Sdn Bhd ("Hadhari Cattle") for a total cash consideration of RM18 million. Upon completion, Hadhari Cattle Industry Sdn. Bhd. will become a subsidiary of Meda Inc. Bhd.

On 9th September 2009, the Company had terminated the share sale agreement.

## STATEMENT BY DIRECTORS

We, **TEOH SENG KIAN** and **YOU KONG HEAN**, being two of the directors of Meda Inc. Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements are properly drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st December 2009 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

On behalf of the Board,

.....  
**TEOH SENG KIAN**  
*Director*

.....  
**YOU KONG HEAN**  
*Director*

Kuala Lumpur

Date: 27th April 2010

## STATUTORY DECLARATION

I, **KOO HOONG KWAN**, being the officer primarily responsible for the financial management of Meda Inc. Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

.....  
**KOO HOONG KWAN**

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 27th April 2010.

Before me,

.....  
**ARSHAD ABDULLAH**  
Commissioner for Oaths  
License No.: W550

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEDA INC. BERHAD (Incorporated in Malaysia)

## Report on the Financial Statements

We have audited the financial statements of Meda Inc. Berhad, which comprise the balance sheets as at 31st December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of the significant accounting policies and other explanatory notes, as set out on pages 6 to 80.

### *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 the Financial Reporting Standards and provisions of the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

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

### *Emphasis of Matter*

In forming our opinion, we draw attention to Note 13(i) to the financial statements which explains the circumstances and consideration the directors have taken into account in preparing the financial statements. We have considered that these factors are of significance and draw your attention to it, but our opinion is not qualified in this respect.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEDA INC. BERHAD (Incorporated in Malaysia)

### Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Other than the auditors' reports of the subsidiaries with emphasis of matter paragraph as disclosed in Note 5 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries were not subject to any qualification material to the consolidated financial statements and 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.

**Baker Tilly Monteiro Heng**  
No. AF0117  
Chartered Accountants

**M.J.Monteiro**  
No.828/05/10 (J/PH)  
Chartered Accountant

Kuala Lumpur

Date: 27th April 2010

## ANALYSIS OF SHAREHOLDINGS

### STATISTICAL REPORT OF SHAREHOLDERS AS AT 7 MAY 2010

Class of Securities : Ordinary Shares of RM0.50 each  
Authorized Share Capital : RM250,000,000.00  
Issued and Fully Paid-up Share Capital : RM213,470,471.00  
No. of Shareholders : 19,338

Holdings	No. of Holders	Total Holdings	Percentage
1-99	32	885	0.00
100-1,000	12,170	12,120,517	2.84
1,001-10,000	4,890	22,994,364	5.39
10,001-100,000	1,941	64,191,905	15.04
100,001-21,347,046(*)	303	278,524,571	65.24
21,347,047 and above (**)	2	49,108,700	11.50
<b>Total</b>	<b>19,338</b>	<b>426,940,942</b>	<b>100.00</b>

Remarks: \* Less than 5% of issued holdings  
\*\* 5% and above of issued holdings

#### LIST OF THIRTY LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of Shares held	Percentage
1.	TA Nominees (Tempatan) Sdn.Bhd. Pledge Securities Account for Purewise Sdn. Bhd.	26,914,800	6.30
2.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Teoh Seng Aun (STG).	22,193,900	5.20
3.	EB Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Teoh Seng Kian (SFC).	11,987,500	2.81
4.	TA Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Teoh Seng Kian	11,867,400	2.78
5.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Teoh Seng Aun.	10,619,000	2.49
6.	TA Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Teoh Seng Foo.	10,555,000	2.47
7.	EcoFirst Consolidated Berhad	9,367,000	2.19
8.	M.I.T. Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Cheam Shaw Fin (MG0033-325).	8,885,000	2.08
9.	EB Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Teoh Seng Aun (SFC).	8,874,000	2.08
10.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Teoh Seng Kian (DHG).	7,933,994	1.86

## ANALYSIS OF SHAREHOLDINGS

### STATISTICAL REPORT OF SHAREHOLDERS AS AT 7 MAY 2010

#### LIST OF THIRTY LARGEST REGISTERED SHAREHOLDERS (cont'd)

No.	Name	No. of Shares held	Percentage
11.	M.I.T. Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Teoh Seng Foo (MG0176-182).	7,639,000	1.79
12.	EB Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Tan Kim Seng (SFC).	6,840,600	1.60
13.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Teoh Seng Kian.	6,830,300	1.60
14.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Teoh Seng Foo.	6,746,000	1.58
15.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Tiong Kwing Hee (DHG).	6,599,324	1.55
16.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Teoh Seng Kian.	6,360,100	1.49
17.	Cheam Saw Fin	6,128,000	1.44
18.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Wong Fon Ying.	5,593,000	1.31
19.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Tiong Kwing Hee (8056630).	5,320,000	1.25
20.	SEG Equity Sdn. Bhd.	4,997,000	1.17
21.	EcoFirst Consolidated Bhd.	4,993,016	1.17
22.	M.I.T. Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Teoh Seng Aun (MG0177-182)	4,568,000	1.07
23.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Wong Fon Ying (CEB).	4,372,000	1.02
24.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Teoh Seng Foo.	4,077,000	0.95
25.	MKW Jaya Sdn. Bhd.	4,000,000	0.94
26.	Lembaga Tabung Angkatan Tentera	3,500,000	0.82
27.	HDM Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Ng Chee Meng.	2,700,000	0.63
28.	Mayban Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Tan Kim Seng.	2,700,000	0.63

## ANALYSIS OF SHAREHOLDINGS

### STATISTICAL REPORT OF SHAREHOLDERS AS AT 7 MAY 2010

#### LIST OF THIRTY LARGEST REGISTERED SHAREHOLDERS (cont'd)

No.	Name	No. of Shares held	Percentage
29.	OSK Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Purewise Sdn. Bhd.	2,673,000	0.63
30.	United Seasons Sdn. Bhd.	2,500,000	0.59
<b>Total</b>		<b>228,342,884</b>	<b>53.48</b>

#### SUBSTANTIAL SHAREHOLDERS

According to the register required to be kept under Section 69L of the Companies Act, 1965, the substantial shareholders (beneficial owners only) of the Company are as follows:-

Name of Substantial Shareholder	Direct Interest (%) (A)	Indirect Interest (%) (B)	Total Interest (%) (A+B)
Dato' (Dr.) Teoh Seng Foo	29,017,000 (6.80)	30,373,008 (7.10)#	59,390,008 (13.90)
Teoh Seng Aun	46,254,988 (10.83)	15,360,008 (3.60)@	61,614,996 (14.43)
Teoh Seng Kian	45,008,268 (10.50)	15,360,008 (3.60)@	60,368,276 (14.10)
Purewise Sdn. Bhd.	24,695,600 (5.80)	-	24,695,600 (5.80)

#### STATEMENT OF DIRECTORS' INTEREST IN THE COMPANY AND RELATED CORPORATIONS

Name	No. of shares held Direct Interest (%) (A)	No. of shares held Indirect Interest (%) (B)	Total Interest (%) (A+B)
Dato' Dr. Mohd Ariff bin Araff	-	-	-
Dato' (Dr.) Teoh Seng Foo	29,017,000 (6.80)	30,373,008 (7.10)#	59,390,008 (13.90)
Teoh Seng Kian	45,008,268 (10.50)	15,360,008 (3.60)@	60,368,276 (14.10)
You Kong Hean	-	-	-
Kee Lian Yong	-	-	-
Ooi Giap Ch'ng	-	-	-
Mohd Nor bin Ibrahim	-	-	-

# Deemed interested by virtue of his shareholding in EcoFirst Consolidated Berhad and its wholly owned subsidiary Sawitani Sdn. Bhd. and his spouse, Cheam Saw Fin.

@ Deemed interested by virtue of their shareholdings in EcoFirst Consolidated Berhad and its wholly owned subsidiary, Sawitani Sdn. Bhd.



# LIST OF PROPERTIES

## AS AT 31ST DECEMBER 2009

Lot No./Location	Description	Built-Up/ Land Area	Tenure	Approximate Age of Building (Year)	Net Book Value as at 31.12.09 (RM'000)
1 Lot 2020, Geran 61288, Bandar Bukit Mertajam, Seksyen 4, Daerah Seberang Perai Tengah, Pulau Pinang	Shopping mall, office tower and hotel	17,196 sq. metre	Freehold	11	91,032
2 Lot PTB 20184, H.S.(D) 303962 Lot PTB 20185, H.S.(D) 303963 Lot PTB 20202, H.S.(D) 303964 Lot PTB 20203, H.S.(D) 303965 Lot PTB 20455, H.S.(D) 303966 Lot PTB 20456, H.S.(D) 303967 Lot PTB 20457, H.S.(D) 303968 Lot PTB 20458, H.S.(D) 303969 Township and District of Johor Bahru, Johor	Land under mixed development	61.83 acres	Leasehold 99 years	N/A	12,574
3 H.S.(D) 566, Mukim Kuala Linggi, H.S.(D) 567, Geran 2110 and Geran 2111, Mukim Kuala Sungei Baru, Daerah Alor Gajah, Melaka	Orchard land, mixed development and resort under development	1,287.76 acres	Freehold & Leasehold 99 years	N/A	59,249
4 6 Mukim of Kuala Lumpur, District of Kuala Lumpur, Federal Territory of Kuala Lumpur PN 14014, Lot 58296 PN 9359, Lot 58296 PN 6419, Lot 58297 PN 11334, Lot 58297 PN 7465, Lot 58297 PN 6420, Lot 58297	Land under commercial development	2.247 acres	Leasehold 99 years	N/A	10,229
5 14 retails shoplots at Bandar Bukit Mertajam, Seksyen 4 Daerah Seberang Perai Tengah, Pulau Pinang. H.S. (D) No. 182. P. T. 15	Retail shoplots	593.30 sq. metre	Freehold	11	2,490
					175,574

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Tenth Annual General Meeting of the Company will be held at Ballroom 1, Level 5, The Summit Hotel Subang USJ, Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya, Selangor Darul Ehsan on Thursday, 24 June 2010 at 10:00 a.m.

### AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2009 together with the Directors' and Auditors' Reports thereon. **[Ordinary Resolution 1]**
2. To approve the payment of Directors' fees. **[Ordinary Resolution 2]**
3. To elect Dato' Dr. Mohd Ariff Bin Araff who retires in accordance with Article 103 of the Company's Articles of Association. **[Ordinary Resolution 3]**
4. To re-elect the following Directors who retire in accordance with Article 96(1) the Company's Articles of Association:-
  - (a) Mr. You Kong Hean **[Ordinary Resolution 4]**
  - (b) Mr. Kee Lian Yong **[Ordinary Resolution 5]**
5. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and authorize the Directors to fix their remuneration. **[Ordinary Resolution 6]**
6. As SPECIAL BUSINESS, to consider and if thought fit, to pass the following resolution:-

### ORDINARY RESOLUTION

#### AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"That, subject to the Companies Act, 1965 and the Articles of Association of the Company and approvals from the Securities Commission and Bursa Malaysia Securities Berhad and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

**[Ordinary Resolution 7]**

7. To transact any other business of which due notice shall have been given.

### BY ORDER OF THE BOARD

**TAN SHIM CHIENG**  
Secretary  
Subang Jaya, Selangor  
2 June 2010

## NOTICE OF ANNUAL GENERAL MEETING

### Notes:

- (a) A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company and Section 149(1) of the Companies Act, 1965 shall not apply. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
- (b) In the case of a corporate body, the proxy appointed must be in accordance with the Articles of Association and the instrument appointing a proxy shall be given under the company's common seal or under the hand of an officer or attorney of the corporation duly authorized.
- (c) The Form of Proxy must be deposited at the Company's Registered Office at No. 11, USJ Sentral, Jalan USJ Sentral 3, Persiaran Subang, 47600 Subang Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.
- (d) Any alteration in the Form of Proxy must be initialed.

### EXPLANATORY NOTES TO SPECIAL BUSINESS

#### ORDINARY RESOLUTION

Resolution 7, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting, to issue and allot ordinary shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The Company has not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general authority which was approved at the 9th AGM held on 26 June 2009 and which will lapse at the conclusion of the 10th AGM. A renewal of this authority is being sought at the 10th AGM under the proposed Resolution 7.

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

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

### 1. Directors Standing For Election

Director who is standing for election in accordance with Article 103 of the Company's Articles of Association:-

(a) Dato' Dr. Mohd Ariff Bin Araff

The profile of the above Director is set out in the Section entitled "Directors' Profile".



## PROXY FORM

I/We (full name in block letters) \_\_\_\_\_

of (address) \_\_\_\_\_

being a member(s) of Meda Inc. Berhad, hereby appoint (full name in block letters) \_\_\_\_\_

of (address) \_\_\_\_\_

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Tenth Annual General Meeting of the Company to be held at Ballroom 1, Level 5, The Summit Hotel Subang USJ, Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya, Selangor Darul Ehsan on Thursday, 24 June 2010 at 10:00 a.m and at any adjournment thereof.

My/our proxy is to vote as indicated below:

Resolutions		* For	* Against
<b>Ordinary Resolution 1</b>	Receipt of Financial Statements and Reports		
<b>Ordinary Resolution 2</b>	Payment of Directors' fees		
<b>Ordinary Resolution 3</b>	Election of Dato' Dr. Mohd Ariff Bin Araff as Director		
<b>Ordinary Resolution 4</b>	Re-election of Mr. You Kong Hean as Director		
<b>Ordinary Resolution 5</b>	Re-election of Mr. Kee Lian Yong as Director		
<b>Ordinary Resolution 6</b>	Re-appointment of Auditors		
<b>Ordinary Resolution 7</b>	Authority pursuant to Section 132D of the Companies Act, 1965 for Directors to issue shares		

\* Please indicate with "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.

Dated this ..... day of ..... 2010

.....  
Signature of Shareholder(s)

## NOTE:

- A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company and Section 149(1) of the Companies Act, 1965 shall not apply. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
- In the case of a corporate body, the proxy appointed must be in accordance with the Articles of Association and the instrument appointing a proxy shall be given under the company's common seal or under the hand of an officer or attorney of the corporation duly authorized.
- The Form of Proxy must be deposited at the Company's Registered Office at No. 11, USJ Sentral, Jalan USJ Sentral 3, Persiaran Subang, 47600 Subang Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.
- Any alteration in the Form of Proxy must be initialed.

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Affix Postage  
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The Company Secretary

**MEDA INC. BERHAD**

(Co. No. 507785-P)

No. 11, USJ Sentral, Jalan USJ Sentral 3,  
Persiaran Subang, 47600 Subang Jaya,  
Selangor Darul Ehsan, Malaysia

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**MEDA INC. BERHAD (507785-P)**

No. 11, USJ Sentral, Jalan USJ Sentral 3, Persiaran Subang,  
47600 UEP Subang Jaya, Selangor Darul Ehsan.

Tel : 03-8024 8866

Fax : 03-8024 8966

[www.meda.com.my](http://www.meda.com.my)