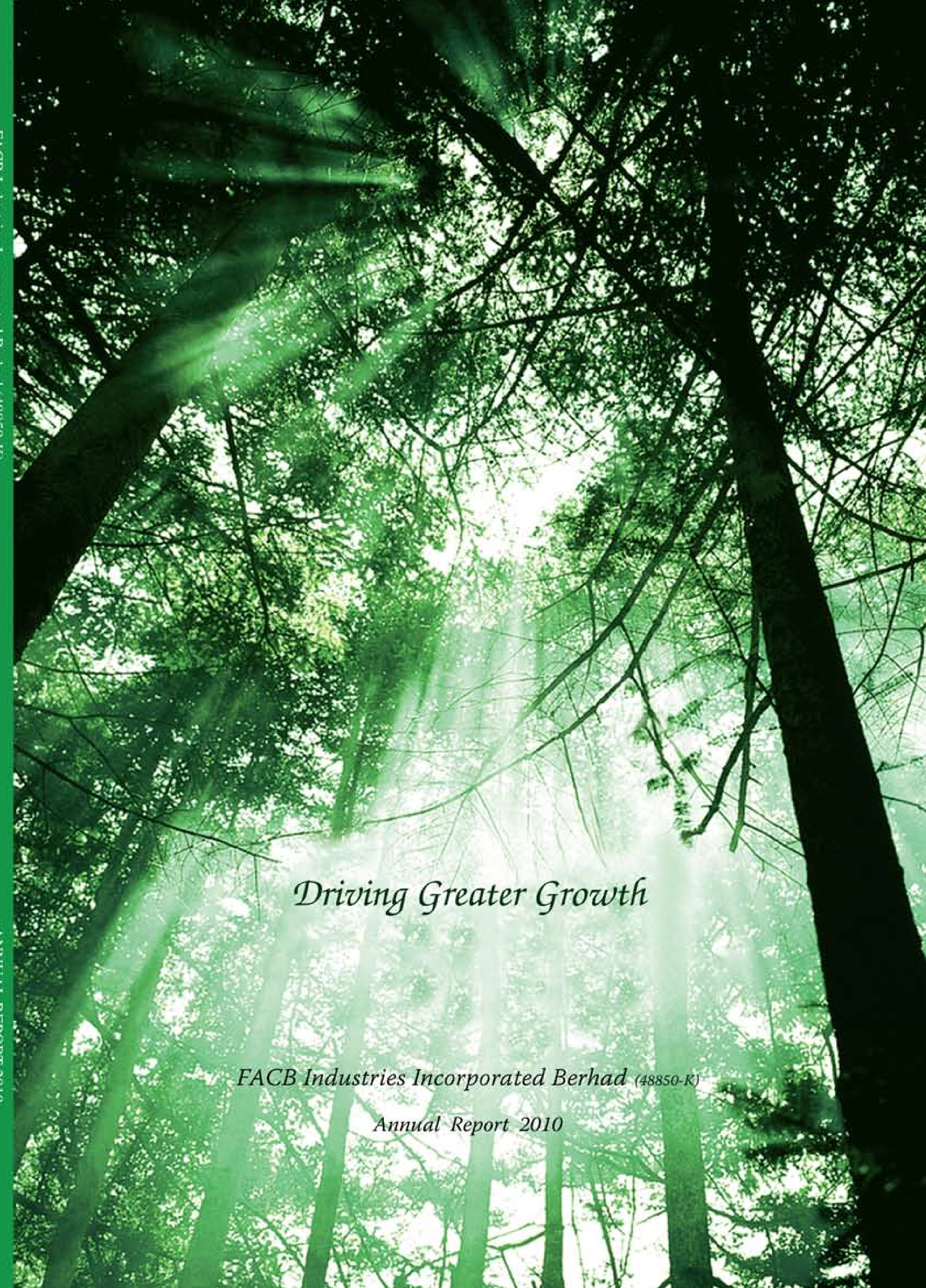
FACB Industries Incorporated Berhad (48850-K)

ANNUAL REPORT 2010



Driving Greater Growth

FACB Industries Incorporated Berhad (48850-K)

Annual Report 2010

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Sulaiman bin Sujak
Chairman

Tan Sri Dr. Chen Lip Keong

Puan Sri Lee Chou Sarn

Dato’ Dr. Abdul Razak bin Abdul

Datuk Wan Kassim bin Ahmed

Mr Chen Yiy Hwuan

Mr Chen Yiy Fon

Mr Lim Mun Kee

CHIEF EXECUTIVE OFFICER

Mr Loh Yee Feei

GROUP COMPANY SECRETARY

Mr Lee Boo Tian, LS 0007987

AUDIT COMMITTEE

Datuk Wan Kassim bin Ahmed
Chairman, Independent Non-Executive Director

Dato’ Dr. Abdul Razak bin Abdul
Independent Non-Executive Director

Mr Lim Mun Kee
Independent Non-Executive Director

NOMINATION COMMITTEE

Tan Sri Dato’ Sulaiman bin Sujak
Chairman, Non-Independent Non-Executive Director

Datuk Wan Kassim bin Ahmed
Independent Non-Executive Director

Mr Lim Mun Kee
Independent Non-Executive Director

REMUNERATION COMMITTEE

Datuk Wan Kassim bin Ahmed
Chairman, Independent Non-Executive Director

Dato’ Dr. Abdul Razak bin Abdul
Independent Non-Executive Director

Mr Lim Mun Kee
Independent Non-Executive Director

REGISTERED OFFICE

Etiqa Twins, Tower 1
Level 13, 11 Jalan Pinang
50450 Kuala Lumpur
Tel : 603 2162 0060
Fax : 603 2162 0062
Website : www.facbi.com

SHARE REGISTRAR

Semangat Corporate Resources Sdn. Bhd.
Ground Floor, 118 Jalan Semangat
46300 Petaling Jaya
Selangor Darul Ehsan
Tel : 603 7968 1001
Fax : 603 7958 8013

AUDITORS

Moore Stephens AC
A-37-1, Level 37
Menara UOA Bangsar
No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur

PRINCIPAL BANKERS

Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market, Bursa Malaysia Securities Berhad

RECOGNITION OF QUALITY

1 TUV Certificate, awarded in 1995, certifies our stainless steel products according to DIN Standard. It serves as a competitive advantage for marketing our products internationally.

2 Kanzen Tetsu Sdn. Bhd. ("KTSB")'s Quality System Registration Certificate awarded by Sirim QAS International Sdn. Bhd. for compliance with the requirements of MS ISO 9001 : 2000 Quality Management Systems.

3 Pressure Equipment Directive Certification by TUV in 2002 for compliance with the directive requirements on stainless steel products, especially for the European Union market.

4 Suruhanjaya Perkhidmatan Air Negara (SPAN) Product Registration Approval Certificate 2008 - Testimony of our high quality stainless steel pipes and fittings for water related industries such as water piping distribution system, water treatment plants, wastewater & sewerage treatment projects.

5 KTSB's Certificate of Appreciation under Large Employers – Manufacturing Sector category awarded by Ministry of Human Resources in October 2008.

6 Product Excellence Award 2001 by Ministry of International Trade and Industry in recognition of KTSB's excellent product range with superior international quality.

7 NPC Productivity Award 2001 awarded by National Productivity Corporation for KTSB's outstanding productivity achievement, high efficiency, well trained human resource and management dedication.

8 Selangor Product Excellence Award 2002 by Selangor State Government in recognition of Kanzen Kagu Sdn. Bhd. ("KKSB")'s quality products in Selangor State Industries.

9 Human Resource Minister Award 2003 by Pembangunan Sumber Manusia Berhad in recognition of KKSB's significant contributions in human resource development throughout the year 2002.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirty First Annual General Meeting of the Company will be held at Dewan Seri Pinang, Etiqa Twins, Level 3, 11 Jalan Pinang, 50450 Kuala Lumpur on Wednesday, 8 December 2010 at 10.30 a.m. for the following purposes:

AGENDA

As Ordinary Business:

1. To receive and adopt the Audited Financial Statements for the year ended 30 June 2010 together with the Reports of Directors and Auditors thereon. **Resolution 1**
2. To approve a final dividend of 4% less tax for the year ended 30 June 2010. **Resolution 2**
3. To approve Directors' fees of RM216,000/- for the year ended 30 June 2010. **Resolution 3**
4. To consider and, if thought fit, pass a resolution that pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato' Sulaiman bin Sujak be re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. **Resolution 4**
5. To re-elect the following Directors who are retiring pursuant to Article 80 of the Company's Articles of Association:

   (i) Tan Sri Dr. Chen Lip Keong **Resolution 5**
   (ii) Dato' Dr. Abdul Razak bin Abdul **Resolution 6**
   (iii) Mr Chen Yiy Fon **Resolution 7**
6. To re-appoint Messrs Moore Stephens AC as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

As Special Business:

7. To consider and, if thought fit, pass the following Ordinary Resolutions:

   a. Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965 **Resolution 9**

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10 per centum of the Issued Share Capital of the Company for the time being."

   b. Proposed Renewal of Authority for Share Buy-Back **Resolution 10**

   (The text of the resolution and the details of the proposal are set out in the Circular to Shareholders dated 15 November 2010 which is enclosed with this Annual Report.)
8. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that the final dividend of 4% less tax, if approved by the shareholders at the forthcoming Annual General Meeting, will be paid on 26 January 2011 to shareholders whose names appear in the Records of Depositors on 31 December 2010. A Depositor shall qualify for entitlement to the dividend only in respect of:

(a) Shares transferred into the Depositor's Securities account before 4.00 p.m. on 31 December 2010 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Lee Boo Tian, LS 0007987
Group Company Secretary

Kuala Lumpur
15 November 2010

Notes

Proxy

(i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
(ii) Subject to the Companies Act, 1965, where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.
(iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a corporation, either under its common seal or the hand of an officer or attorney duly authorised.
(iv) The Form of Proxy must be completed, signed and deposited at the Company's Registered Office not less than 48 hours before the time set for the Meeting or adjourned meeting.

Explanatory Notes on Special Business

1. Resolution pursuant to Section 132D of the Companies Act, 1965
The Ordinary Resolution 9 proposed under Agenda 7(a) above if passed will empower the Directors to issue shares up to 10% of the issued capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied by the Company in general meeting, shall expire at the next Annual General Meeting of the Company.

No proceeds were raised from the previous mandate.

The renewed mandate will provide flexibility to the Company for the purpose of funding further investment project(s), working capital and/or acquisitions.

2. Resolution pursuant to Proposed Renewal of Authority for Share Buy-Back
The Ordinary Resolution 10 proposed under Agenda 7(b) above if passed is to give authority to the Directors to purchase the Company's own shares. This authority will expire at the next Annual General Meeting of the Company unless earlier revoked or varied by an ordinary resolution of the Company at a general meeting. Further information is set out in the Circular to Shareholders which is despatched together with this Annual Report.

Statement Accompanying Notice of Annual General Meeting

Directors standing for re-appointment / re-election

The Directors who are standing for re-appointment / re-election at the Annual General Meeting of the Company are as follows:

Tan Sri Dato' Sulaiman bin Sujak	-	Resolution 4
Tan Sri Dr. Chen Lip Keong	-	Resolution 5
Dato' Dr. Abdul Razak bin Abdul	-	Resolution 6
Mr Chen Yiy Fon	-	Resolution 7

Information on the above Directors is set out under Directors/CEO's Profiles of this Annual Report.

Details of attendance of Board Meetings held during the financial year ended 30 June 2010 for the above Directors are as set out under Other Compliance Statements of this Annual Report.

DIRECTORS/CEO'S PROFILES

TAN SRI DATO' SULAIMAN BIN SUJAK
Chairman, Non-Independent Non-Executive Director, Malaysian, aged 76

Tan Sri Dato' Sulaiman bin Sujak was appointed to the Board on 1 October 1988. On 26 September 2008, Tan Sri Dato' Sulaiman was appointed as Chairman. He also serves as Chairman of the Nomination Committee.

Tan Sri Dato' Sulaiman is a graduate of Royal Air Force College, Cranwell, England and Royal College of Defence Studies, London. He has served the Royal Air Force and the Royal Malaysian Air Force and is the first Malaysian Air Force Chief.

He was an Advisor (now known as Assistant Governor) to Bank Negara Malaysia and was a Director, Commercial Division of Kumpulan Guthrie. He was also the Deputy Chairman of Malaysian Airlines System Berhad.

Tan Sri Dato' Sulaiman is currently a Director of HSBC Bank Malaysia Berhad. He is also a Director of Nationwide Express Courier Services Berhad and Cycle & Carriage Bintang Berhad.

TAN SRI DR. CHEN LIP KEONG
Executive Director, Malaysian, aged 63

Tan Sri Dr. Chen Lip Keong was appointed to the Board and as President and Chief Executive Officer on 3 August 1994. On 1 August 2007, Tan Sri Dr. Chen stepped down as Chief Executive Officer and assumed the position of President and Chairman. On 26 September 2008, Tan Sri Dr. Chen Lip Keong stepped down as President and Chairman.

Tan Sri Dr. Chen graduated with Bachelor of Medicine and Surgery in 1973 from University of Malaya. He has extensive corporate, managerial and business experience since 1976.

Currently, Tan Sri Dr. Chen is also the President of Karambunai Corp Bhd. and Petaling Tin Berhad.

PUAN SRI LEE CHOU SARN
Executive Director, Malaysian, aged 63

Puan Sri Lee Chou Sarn was appointed to the Board on 17 March 1997 and as Acting Chief Executive Officer on 1 August 2007. On 15 December 2008, Puan Sri Lee Chou Sarn stepped down as Acting Chief Executive Officer.

After graduating from the University of Malaya with Bachelor of Economics in 1971, Puan Sri Lee worked for 13 years in the Statistics Department for the Government of Malaysia before she ventured into business. She has been a shareholder and a Director of Lipkland Holdings Sdn. Bhd., an investment holding company since December 1982. She was also a Director of Karambunai Corp Bhd. from 1994 to 2001.

DATO' DR. ABDUL RAZAK BIN ABDUL
Independent Non-Executive Director, Malaysian, aged 60

Dato' Dr. Abdul Razak bin Abdul was appointed to the Board on 12 April 1994. Dato' Dr. Abdul Razak also serves as a member of Audit and Remuneration Committees.

After graduating with Master of Business Administration (Finance) in 1973, Dato' Dr. Abdul Razak obtained his Ph.D (International Business) in 1979. He commenced his career as a lecturer in Institut Teknologi MARA ("ITM") in 1973 and became the Head of ITM's School of Business in 1981. He has been actively involved in the insurance industry since 1983 and has vast experience in managing insurance companies. He was a Director of Petaling Tin Berhad from 1991 to 1992 and 1997 to 2000.

Currently, Dato' Dr. Abdul Razak is also a Director of TAP Resources Berhad.

DATUK WAN KASSIM BIN AHMED
Independent Non-Executive Director, Malaysian, aged 61

Datuk Wan Kassim bin Ahmed was appointed to the Board on 29 March 2002. Datuk Wan Kassim also serves as Chairman of both Audit and Remuneration Committees and as a member of the Nomination Committee.

Datuk Wan Kassim graduated with Bachelor of Economics from University of Malaya in 1973. He began his career with Messrs Kassim Chan, an audit firm in 1973 before joining Bank Bumiputra Malaysia Berhad. He then joined Shamelin Berhad for 10 years before starting his own management consultancy firm, United Kadila Sdn. Bhd. in 1984. He served as a Councilor for the Petaling Jaya Town Council between 1987 and 1991 and as a Board member of the Malaysian Tourist Development Board from 1992 to 1996.

Currently, Datuk Wan Kassim is also a Director of Karambunai Corp Bhd., Petaling Tin Berhad and Octagon Consolidated Berhad.

CHEN YIY HWUAN

Executive Director, Malaysian, aged 30

Mr Chen Yiy Hwuan was appointed to the Board on 1 August 2007.

Mr Chen graduated with Bachelor of Arts (Honours) in Accounting with Business Economics from Middlesex University, United Kingdom in 2002. He joined Petaling Tin Berhad in 2003 and subsequently moved to Alliance Merchant Bank in Kuala Lumpur in 2004 specialising in the area of corporate finance. He returned to Petaling Tin Berhad in 2004 and has been involved in corporate finance and management areas of the company.

Currently, Mr Chen is also a Director of Karambunai Corp Bhd. and Petaling Tin Berhad.

CHEN YIY FON

Executive Director, Malaysian, aged 29

Mr Chen Yiy Fon was appointed to the Board on 1 August 2007.

Mr Chen graduated from the University of Southern California, Los Angeles with B.A. (Hons) in Economics. He has previously worked in Morgan Stanley, Los Angeles, California as a Financial Advisor Assistant. Most recently he was an intern in Credit Suisse First Boston. Currently, he serves as a director for several subsidiaries of Karambunai Corp Bhd. and Petaling Tin Berhad.

Currently, Mr Chen is also a Director of Karambunai Corp Bhd. and Petaling Tin Berhad.

LIM MUN KEE

Independent Non-Executive Director, Malaysian, aged 43

Mr Lim Mun Kee was appointed to the Board on 1 August 2007. Mr Lim also serves as a member of Audit, Remuneration and Nomination Committees.

Mr Lim is a qualified accountant registered with the Malaysian Institute of Accountants ("MIA") and the Malaysian Institute of Certified Public Accountants ("MICPA") since 1995. He started his career in KPMG Peat Marwick in 1989. He has over 15 years of experience in auditing, finance and accountancy field where he worked in several listed companies as Accountant, Group Financial Controller and Head of Internal Audit.

Currently, Mr Lim is also a Director of Petaling Tin Berhad and Karambunai Corp Bhd.

LOH YEE FEEI

Chief Executive Officer, Malaysian, aged 48

Mr Loh Yee Feei was appointed as Chief Executive Officer on 28 October 2009.

Graduated with Bachelor of Applied Science (B.A.Sc) Degree in Electrical Engineering from University of Ottawa, Canada and Doctorate in Business Administration from Paramount University of Technology, USA, Mr Loh is a member of ACPM (Association of Certified Professional Managers), United Kingdom.

Mr Loh has more than 25 years experience in manufacturing based industry. Prior to joining FACB Industries Incorporated Berhad, he held senior management positions in both local conglomerates and American multinational companies such as TSH/Ekowood, Hong Leong Group and Western Digital. He has been instrumental in profit-and-loss management, large-scale product manufacturing, business development, process engineering and materials management.

Other Information

a. Family Relationship
   Puan Sri Lee Chou Sarn is the spouse of Tan Sri Dr. Chen Lip Keong. Mr Chen Yiy Hwuan and Mr Chen Yiy Fon are the sons of Tan Sri Dr. Chen Lip Keong and Puan Sri Lee Chou Sarn.

   Save as disclosed above, none of the Directors/CEO have any family relationship with any Director of the Company.

b. Conflict of Interest
   Save as disclosed in item 12 under Other Compliance Statements on page 23, none of the Directors/CEO have any conflict of interest with the Company.

c. Conviction of offences
   None of the Directors/CEO have any conviction for offences within the past 10 years other than traffic offences, if any.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report of FACB Industries Incorporated Berhad ("Company" or "Group") for the financial year ended 30 June 2010 (FY2010).

FINANCIAL REVIEW

For the year under review, the Group achieved a profit before taxation of RM16.75 million after experiencing improvement in market sentiment and real demand as the world economies gradually recovering from the financial crisis. Higher gross profit margin was recorded from the gradual steel price improvement. Bedding operation also recorded higher profit margin from the on-going improvement in internal operational processes. The Group recorded total revenue of RM218.09 million, a decrease of 32% as compared to the previous year. The lower revenue compared to the previous year was mainly due to weaker prices and delivery volume from both local and overseas markets for the group's steel products.

Earnings per share for the financial year under review was 12.83 sen. Equity attributable to equity holders of the Company increased to RM181.42 million from RM169.80 million, while net assets per share at end of FY2010 strengthened to RM2.16 from RM2.02. Net cash used in operating activities amounted to RM10.07 million due to increased volume of operation. Group gearing ratio at 24% represents a slight increase from the previous year.

The Group's steel division which is in the business of manufacturing and sale of stainless steel welded pipes and butt-weld fittings, manufacturing and sale of carbon steel pipes as well as provision of slitting and flat bars manufacturing services contributed 74% of the Group's revenue. Bedding division which is in the business of manufacturing and sale of spring mattresses and wooden furniture contributed 18%, whereas manufacturing and sale of steel wire products contributed the remaining 8%.

Steel division rebounded from operational loss in the previous year to record a credible profit for the year although market sentiment remained cautious throughout the year. On the back of a steady improvement in prices, the division achieved a better profit margin. In the domestic market, demand for water piping had yet to pick up due to slow-down in implementing the water wastage reduction program. In the export market, business environments in our traditional markets had been challenging and lacking in real demand. Generally, economic uncertainty had slowed down investment projects and affected demands for our steel products. The division monitored closely its inventory level to ensure maintenance of optimal stock level. Cost cutting measures had been implemented to ensure competitiveness and margins.

The bedding division recorded higher profit for the year although with lower revenue compared to the previous year. Re-designing of product specifications and more efficient manufacturing processes had reduced product costs and improved margin, whereas streamlining of distribution channel had further improved profitability. Dreamland, as a brand, was awarded 'Gold Medal' for two consecutive years in the prestigious Reader Digest's "Trusted Brand - Malaysia".

The Group's associated companies' results after tax had improved compared to the previous year. Main contributors came from companies that supply electricity and steam as well as spring mattresses in China.

DIVIDEND

Based on the encouraging results of FY2010, the Board of Directors is pleased to recommend a gross final dividend of 4 sen per share less 25% taxation, subject to the approval of the shareholders at the 31st Annual General Meeting.

SHARE BUY BACK

The Company did not execute any share buyback during the financial year under review.

CORPORATE DEVELOPMENT

During the financial year, the Company via its wholly-owned subsidiary company, Kanzen Tetsu Sdn. Bhd. acquired the remaining 30% equity in Kanzen Stainless Processors Sdn. Bhd. for a cash consideration of RM2.41 million from ArcelorMittal Stainless International S.A..

FUTURE OUTLOOK

While the world economies have seen some recovery from the aftermath of the recent financial crisis, prospects for the next financial year, FY2011, remain very challenging. The Group's business is currently affected by the prevailing economic weakness and uncertainties, and weak consumer confidence. Demand for the Group's products will improve with a more stable growth in the world economies.

In the domestic market, the steel division is expected to benefit from the finalization of the Selangor water asset consolidation exercise where non revenue water reduction program activities will start to pick up. More applications of the Group's products will arise in view of the Government's efforts to provide hygienic water supply and efficient water piping distribution system. Investment projects under the just released Economic Transformation Programs will also stimulate higher demands for the Group's products.

CHAIRMAN'S STATEMENT

Real demand for traditional export markets is expected to be weak. Without neglecting the traditional export markets, emphasis will be on maintaining close ties with key stockists and increasing marketing effort in the non traditional markets. Additional measures to minimise risk of exposure to price volatility include maintaining optimal inventory level and implementing effective raw material procurement.

In the medium and long term, steel consumption is expected to increase in view of the gradual recovery of the world economies. We are optimistic on the prospect of the steel industry.

For the bedding operations in Malaysia and China, streamlining businesses to reduce costs, reorganizing marketing plans and distribution networks will be further introduced to achieve higher revenues and margins. The recovery in economic activities and the return in consumer confidence will drive positively the future of our bedding business.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend our heartfelt thanks to our shareholders, customers, bankers, business associates and regulatory authorities for their continued support, guidance and assistance extended to the Group. The Board would like to express its appreciation to the management and staff of the Group for their hard work and dedication.

Tan Sri Dato' Sulaiman bin Sujak
Chairman
20 October 2010

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

AN ENVIRONMENT FRIENDLY AND RESPONSIBLE RECYCLING POLICY

Both our steel and bedding divisions practise responsible recycling policy. All steel scraps from the production processes are accumulated, weighed and quarantined at designated locations and subsequently turned into recyclable scraps. Bedding manufacturing operation optimises its usage of residual materials generated from the manufacturing process. These initiatives reduce consumption of new raw materials, and enable us to reduce solid waste disposal to the environment. Our initiatives are in line with worldwide environmental programmes in preserving a cleaner environment and practising sustainable manufacturing processes for our future generations.

EMPHASIS ON HEALTH & SAFETY STANDARDS

FACB Industries Incorporated Berhad firmly believes that the issues pertaining to Safety, Health and Environment are of paramount important. Under the supervision of Safety & Health Committee led by a senior managerial team, various safety and health activities are organised periodically with active participation from our employees. These activities include (i) quarterly inspection and servicing of the fire fighting system to ensure the system is in order; (ii) monthly safety inspection by Safety & Health Committee to identify and control potential hazards at workplace; and (iii) training for Safety and Health Committee members by equipping them with knowledge on Occupational Safety and Health Act (1994)'s requirements and their roles and responsibilities. Our commitment in providing employees with a healthy and safe working environment had resulted in a significant reduction of industrial accidents in the steel division, from 29 cases in 2006 to 15 cases in 2009.

Industrial hygiene and safety measures have become one of our top priorities in our steel manufacturing process. We conduct periodic preventative maintenance programs to ensure plant and machinery is in good and safe condition, and exhaust ventilation systems are functioning properly. We ensure that our chemical health risk assessments are conducted in compliance with procedures prescribed in the relevant regulations under the Occupational, Health and Safety Act in order to protect our employees from excessive exposure to toxic and hazardous chemicals.

For the bedding division, various rigorous chemical risk assessment tests are conducted in the manufacturing plants in Johor annually. Besides jointly conducting these annual tests with our joint venture partner i.e. Pacific Brand Australia, we work closely with the Department of Environment to ensure compliance with the relevant regulations.

Throughout the year, our bedding division organises safety courses for the employees. These courses, conducted by credible institutions, cover training on proper usage of industrial apparatus, machinery, safety equipment and proper handling of hazardous chemicals. The courses include Safety & Health by SMIDEC Malacca and Austive Training Centre, Basic Fire Prevention and Safety by Bomba Malaysia as well as Forklift Safety by M Harvest Consultancy. In addition, standard courses on application of personal protective equipment also form part of our holistic safety modules.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

CONTRIBUTION TO TRAINING AND EDUCATION INITIATIVES

As one of the key players in water related industries, we have good working relationships with various government agencies & state water authorities and we share our technical experience and participate in various discussions and training programmes. These interaction programs allow us to share knowledge and experience which help achieve the Government's targets of hygienic water supply and efficient water piping distribution system, while ensuring sustainable growth of stainless steel piping & fittings products in water related industries in the long run.

The provision of Industrial Attachment Training (IAT) to future engineers and technicians is deeply embedded into our corporate culture. The steel division had provided opportunities to undergraduates from various local colleges and universities to undergo their practical training at our manufacturing plants. Kanzen Tetsu has provided training to groups of undergraduates from Universiti Teknologi Malaysia and Universiti Sains Malaysia. Kanzen Kagu has provided training to undergraduates from Tunku Abdul Rahman College and Universiti Tunku Abdul Rahman. IAT enriches the knowledge of our future engineers on quality control, sheet metal working process, extrusion, technical drawing, etc. which reinforces their knowledge learnt from classrooms.

UPHOLDING PRODUCT QUALITY

Our strong commitment towards quality has resulted in Dreamland being voted as the gold medal winner for two consecutive years (2009 and 2010) in the prestigious Reader Digest's "Trusted Brand – Malaysia", and listed in the internationally recognised Super Brand Award.

Kanzen Tetsu is one of Malaysia's leading exporters with superior quality steel products over the past two decades. We have received numerous quality recognitions and audit commendations by prominent local agencies and globally renowned bodies endorsing our product quality. We first obtained our quality certification in compliance with ISO 9001:1994 Quality Management Systems requirements in 1996. It was further upgraded to ISO 9001:2008 in 2009. Kanzen Tetsu also attained Supplier Registration Certification from Suruhanjaya Perkhidmatan Air Negara (SPAN).

CONCLUSION

As a responsible corporate entity, we continue to adopt best business practices which are beneficial to society, environment and marketplace. Our CSR framework has been progressively reviewed to reflect our corporate values which are synchronous with the ever changing market environment.

AUDIT COMMITTEE REPORT
(Pursuant to paragraph 15.15 of Bursa Securities Main Market Listing Requirements)

COMPOSITION

For the financial year, the members of the Audit Committee, their respective designations and directorships are as follows:

Chairman

Datuk Wan Kassim bin Ahmed	*Independent Non-Executive Director*

Members

Dato' Dr. Abdul Razak bin Abdul	*Independent Non-Executive Director*
Mr Lim Mun Kee	*Independent Non-Executive Director*

TERMS OF REFERENCE

PURPOSE

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

REPORTING RESPONSIBILITIES

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

ATTENDANCE AT MEETINGS

The Head of Finance, the Head of Internal Audit and a representative of the External Auditors should normally attend meetings. The Company Secretary shall be the Secretary of the Committee. Other officers may be invited to brief the Committee on issues that are incorporated into the agenda. The Committee should meet with the external auditors, the internal auditors or both without executive board members and employees of the Group present, whenever deemed necessary.

FREQUENCY OF MEETINGS

The Committee will meet as frequently as the Chairman shall decide, with due notice of issues to be discussed and should record its conclusions whilst discharging its duties and responsibilities. The Chairman of the Audit Committee should engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Group.

QUORUM

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

AUDIT COMMITTEE REPORT

AUTHORITY

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

DUTIES

The duties of the Audit Committee include the following:

- To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal.
- To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved.
- To review the quarterly and year end financial statements of the Board, focusing on:
  - any changes in accounting policies and practices;
  - major judgmental areas;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements.
- To discuss problems and reservation arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management, where necessary).
- To review the external auditor's management letter and management's response.
- To do the following in relation to the internal audit function:
  - review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointment or termination of senior staff members of the internal audit function; and
  - take cognizance of resignations of internal audit staff members and provide the resigning staff members an opportunity to submit his reasons for resigning.
- To consider any related party transactions or conflict of interest situation that may arise within the Group.
- To consider the major findings of internal investigations and management's response.
- To consider other topics as defined by the Board.

DETAILS OF MEETINGS

The Audit Committee met four times during the financial year ended 30 June 2010 and details of attendance are as follows:

Datuk Wan Kassim bin Ahmed	4/4
Dato' Dr. Abdul Razak bin Abdul	3/4
Mr Lim Mun Kee	4/4

SUMMARY OF AUDIT COMMITTEE ACTIVITIES

In discharging its responsibilities for the financial year, the Audit Committee, in particular:

- Reviewed the quarterly and year end financial statements and made recommendation to the Board.
- Reviewed the overall coverage of internal audit.
- Deliberated over the internal audit and compliance reports, ensuring that recommendations are carried out.
- Reviewed and assisted in the development and implementation of sound and effective internal controls and business systems.
- Reviewed the Risk Advisory Committee report, ensuring adequacy and effectiveness of the Group's Risk Management Framework.
- Discussed and reviewed with the external auditors the results of their examination, their auditor's report and management letters in relation to the audit and accounting issues arising from the audit.
- Reviewed the Group's compliance with regards to the Bursa Securities Main Market Listing Requirements and compliance with accounting standards issued by the Malaysian Accounting Standards Board.

SUMMARY OF INTERNAL AUDIT ACTIVITIES

The Audit Committee of the Board is supported by an Internal Audit Department. The department reports directly to the Audit Committee and is independent of the activities they audit. The cost incurred on this function which includes risk management and corporate governance was RM137,520/- for the financial year. During the financial year, the Internal Audit Department conducted, inter-alia, the following activities:

- Formulated and agreed with the Audit Committee on the audit plan, strategy and scope of work.
- Reviewed compliance with internal policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's internal control system.
- Analysed and assessed key business systems, report findings, and made recommendations to improve effectiveness and efficiency.
- Followed up on internal audit recommendations to ensure adequate implementation.
- Advised on the implementation of the Malaysian Code on Corporate Governance, Bursa Securities Main Market Listing Requirements and other regulatory requirements.
- Performed investigations and special review as requested by the Audit Committee and Management.
- Reviewed the Group's risk management framework for adequacy and effectiveness in tandem with the business environment.

This report is made in accordance with resolution(s) of the Board of Directors dated 20 October 2010.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of FACB Industries Incorporated Berhad is committed to its fiduciary responsibility for sound corporate governance in its business management practices. Accordingly, the Board supports the recommendations advocated in the Malaysian Code on Corporate Governance ("the Code") wherein disclosures pursuant to the Code is mandated under paragraph 15.25 of the Bursa Securities Main Market Listing Requirements.

In particular, the Company has complied with Part 2, "Best Practices in Corporate Governance", of the Code except for individual disclosure of directors' remuneration packages (as detailed in Other Compliance Statements of this Annual Report), whereas the ensuing paragraphs narrates how the Company has applied Part I, "Principles of Corporate Governance", of the Code.

DIRECTORS

THE BOARD

An effective Board leads and controls the Company. Board members' judgement has a bearing on strategies, performances, resources and standards. Four (4) Board Meetings were held during the financial year ended 30 June 2010 with details of attendance presented under Other Compliance Statements of this Annual Report. In between scheduled meetings and where appropriate, Board decisions may be effected via circular resolutions.

DIRECTORS' TRAINING

Subject to individual circumstances, directors are required to attend the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. With the repeal of the Continuing Education Programme, the directors are now subject to a Group Training Programme inclined towards auditing, accounting, regulatory and industry issues. In particular, an in-house workshop on Creativity For Profitable Business Innovation conducted by Mindbloom Consulting Australia was held during the financial year.

Apart from the above, Board members are regularly updated on global developments and trends in Corporate Governance principles and best practices besides local regulatory and risk management framework.

BOARD BALANCE

The Board currently consists of eight (8) members; comprising four (4) Executive Directors and four (4) Non-Executive Directors. Among the Non-Executive Directors three (3) are independent, hence, the Board's composition meets the Bursa Securities Main Market Listing Requirements. Meanwhile, the Board's composition reflects a commitment towards achieving a requisite mix of skills and experience in various business and financial competencies. Executive Directors have direct responsibilities for business operations whereas Non-Executive Directors are responsible for bringing independent, objective judgement to bear on Board decisions. The profiles of the Directors are set out under Directors' Profiles of this Annual Report.

To ensure a balance of power and authority, the roles of Chairman and Chief Executive Officer are distinct and separate. The Board has also formally identified Datuk Wan Kassim bin Ahmed as the Senior Independent Non-Executive Director, to whom concerns may be conveyed.

SUPPLY OF INFORMATION

All Directors have full and timely access to information, with Board papers distributed in advance of meetings. These Board papers include the agenda and information covering strategic, operational, financial and compliance matters. The Board has unrestricted access to all staff for any information pertaining to the Group's affairs.

Furthermore, Directors have access to the advice and the services of the Company Secretary and under appropriate circumstances may seek independent professional advice at the Company's expense, in furtherance of their duties.

APPOINTMENTS TO THE BOARD

A Nomination Committee with appropriate terms of reference, was established by the Board on 24 June 2002. The Committee, currently comprising wholly of Non-Executive Directors, a majority of whom are independent, are as follows:

1. Tan Sri Dato' Sulaiman bin Sujak, Chairman
2. Datuk Wan Kassim bin Ahmed
3. Mr Lim Mun Kee

During the financial year, the Committee met once on 26 May 2010.

This Committee is responsible, inter-alia, for making recommendations to the Board on new nominees for the Board including Board Committees and for assessing directors on an ongoing basis. The Nomination Committee also reviews the Board's required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.

RE-ELECTION

In accordance with the Company's Articles of Association, all Directors are subject to retirement from office at least once in each three (3) years, but shall be eligible for re-election. This provision is consistent with the underlying principles of the Code and in line with para 7.26 (2) of the Bursa Securities Main Market Listing Requirements.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129 of the Companies Act, 1965.

DIRECTORS' REMUNERATION

PROCEDURE

A Remuneration Committee with appropriate terms of reference, was established by the Board on 24 June 2002. The Committee, currently comprising wholly Non-Executive Directors, are as follows:

1. Datuk Wan Kassim bin Ahmed, Chairman
2. Dato' Dr. Abdul Razak bin Abdul
3. Mr Lim Mun Kee

During the financial year, the Committee met once on 26 August 2009.

THE LEVEL AND MAKE-UP OF REMUNERATION

The Committee's duty is to, inter-alia, make recommendations to the Board on the remuneration framework for all Executive Directors with the underlying objective of attracting and retaining directors needed to run the Company successfully. In particular, the remuneration package is structured to commensurate with corporate and individual performance.

In respect of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken and is a matter for consideration by the Board as a whole. The Non-Executive Directors abstain from discussions pertaining to their own remuneration.

DISCLOSURE

The details of Directors' Remuneration for the financial year are summarized under Other Compliance Statements of this Annual Report.

SHAREHOLDERS

DIALOGUE BETWEEN COMPANY AND INVESTORS

The Company acknowledges the importance of communication with investors. Major corporate developments and events are duly and promptly announced via appropriate communication channels.

In particular, dissemination of information includes the distribution of Annual Reports, announcement of quarterly financial performances, issuance of circulars, press releases and holding of press conferences.

Information on eDividend (Payment of Electronic Cash Dividend) was put up at the Company's website on 1 June 2010. The information is also viewable under eDividend of this Annual Report.

THE AGM

The AGM is the principal platform for dialogue with shareholders, wherein, the Board presents the operations and performance of the Group. During the meeting, shareholders are given every opportunity to enquire and comment on matters relating to the Group's business. The Chairman and members of the Board are available to respond to shareholders' queries during this meeting.

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Board is responsible for ensuring a balanced and understandable assessment of the Company's position and prospects in its quarterly and annual reports. The Audit Committee assists the Board by reviewing the disclosure information to ensure completeness, accuracy and validity. A full Directors' Responsibility Statement is set out under Other Compliance Statements of this Annual Report.

INTERNAL CONTROL

The Statement on Internal Control set out in this Annual Report provides an overview of the Company's approach in maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets.

RELATIONSHIP WITH THE AUDITORS

The Board via the establishment of an Audit Committee, maintains a formal and transparent relationship with the Company's auditors. The role of the Audit Committee in relation to the auditors in particular, and corporate governance in general, is detailed in the Audit Committee Report of this Annual Report.

This statement is made in accordance with resolution(s) of the Board of Directors dated 20 October 2010.

INTERNAL CONTROL STATEMENT

(Pursuant to paragraph 15.26(b) of Bursa Securities Main Market Listing Requirements)

The Malaysian Code on Corporate Governance ("the code") states that the Board of listed companies should maintain a sound system of internal control to safeguard shareholders' investment and the company's assets. The Bursa Securities Main Market Listing Requirements requires the Board of listed companies to include in its Annual Report, a statement on the state of internal controls of the Group. In making this statement on internal control it is essential to specifically address the Principles and Best Practices in the code which relate to internal control.

RESPONSIBILITY

The Board has overall stewardship responsibility for the Group's system of internal control and for reviewing its adequacy and integrity to safeguard shareholders' investment and the Group's assets. However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. The associated companies have not been dealt with as part of the Group for the purpose of this statement.

INTERNAL CONTROL SYSTEMS

The embedded control system is designed to facilitate achievement of the Group's business objectives. It comprises the underlying control environment, control procedures, communication and monitoring processes which manifests as follows:

- Organisational structure with well defined lines of responsibility, delegation of authority, segregation of duties and information flow. The Board has delegated to Executive Management the implementation of the systems of internal control but still maintain full control and direction over appropriate strategic, financial, organisational and compliance issues. The Executive Management convenes periodically to meet its strategic business agenda thus ensuring that the Board, properly apprised, maintains effective supervision over the entire operations.

- Well documented internal operating policies and procedures have been established, periodically reviewed and kept updated in accordance with changes in the operating environment.

- Comprehensive budgeting process for major operating units with periodical monitoring of performance so that major variances are followed up and management action taken.

- Functional limits of authority in respect of revenue and capital expenditure for all operating units. These commitment authority thresholds, working in tandem with budgeting and payment controls, serve to facilitate the approval process whilst keeping potential exposure in check.

- Detailed justification and approval process for major expenditures to ensure congruence with company's strategic objectives.

- Independent appraisals by internal auditors to ensure ongoing compliance with policies, procedures, standards and legislations whilst assessing the effectiveness of the Group's system of financial, operational and compliance controls.

INTERNAL CONTROL STATEMENT

RISK MANAGEMENT FRAMEWORK

Besides primary ownership over effectiveness of the Group's internal control systems, the Board recognizes its responsibility over the principal risks of various aspects of the Group's business. For long term viability of the Group, it is crucial to achieve a critical balance between risks incurred and potential returns.

In response to the above challenge, the Group has established an in-house structured risk management framework thereby, laying the foundation for an ongoing process for identifying, evaluating, treating, reporting and monitoring the significant risks faced by the Group.

A Risk Advisory Committee ("RAC") comprising senior management personnel responsible, inter-alia, for internal policy communications, acquiring risk management skills, developing skills through education and training, and ensuring adequate scale of recognition, rewards and sanctions was set up on 1 March 2002.

During the financial year, the RAC monitored the Group's significant risks and recommended appropriate treatments. The resultant RAC report is reviewed quarterly by the Audit Committee to ensure the adequacy and effectiveness of the Group's Risk Management Framework.

INTERNAL AUDIT

An in-house Internal Audit function supports the Audit Committee, and by extension, the Board, by providing reasonable independent assurance on the effectiveness of the Group's system of internal control.

In particular, Internal Audit appraise and contribute towards improving the Group's risk management and control systems and reports to the Audit Committee on a quarterly basis. The internal audit work plan which reflects the risk profile of the Group's major business sectors is routinely reviewed and approved by the Audit Committee.

INTERNAL CONTROL ISSUES

Management maintains an ongoing commitment to strengthen the Group's control environment and processes. During the year, there were no material losses caused by breakdown in internal control.

This statement is made in accordance with resolution(s) of the Board of Directors dated 20 October 2010 and has been duly reviewed by the external auditors, pursuant to paragraph 15.23 of the Bursa Securities Main Market Listing Requirements.

OTHER COMPLIANCE STATEMENTS

1. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Paragraph 15.26(a) of Bursa Securities Main Market Listing Requirements

The Directors are required by Malaysian company law to prepare for each accounting period financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of the accounting period and of the results of their operations and cashflows for that period.

In preparing the financial statements the Directors are required to select and apply consistently suitable accounting policies and make reasonable and prudent judgements and estimates. Applicable accounting standards also have to be followed and a statement made to that effect in the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The Directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business. The Directors are responsible for ensuring proper accounting records are kept which discloses with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.

They are also responsible for taking reasonable steps to safeguard the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

2. DIRECTORS' ATTENDANCE AT BOARD MEETINGS

During the financial year, the Board held four (4) formal meetings. The attendance of Directors at the Board Meetings is as follows:

	Board Meetings			
Directors	**26.8.2009**	**25.11.2009**	**10.2.2010**	**26.5.2010**
Tan Sri Dato' Sulaiman bin Sujak	√	√	√	√
Tan Sri Dr. Chen Lip Keong	√	√	√	√
Puan Sri Lee Chou Sarn	√	√	√	√
Dato' Dr. Abdul Razak bin Abdul	√	√	X	√
Datuk Wan Kassim bin Ahmed	√	√	√	√
Chen Yiy Hwuan	√	√	√	√
Chen Yiy Fon	√	√	√	√
Lim Mun Kee	√	√	√	√

N/A Not Applicable   √ Attended   X Not attended

3. DIRECTORS' REMUNERATION

The aggregate remuneration of Directors for the financial year is categorized as follows:

In RM	Executive	Non-Executive
Fees	-	216,000
Salaries & Other Emoluments	880,184	-
Benefits In Kind	42,200	-
Total	**922,384**	**216,000**

The number of Directors whose remuneration fall within the following bands are as follows:

Range of remuneration (In RM)	No. of Directors	
	Executive	Non-Executive
Below 50,000	-	1
50,001 to 100,000	1	3
100,001 to 150,000	1	-
150,001 to 250,000	-	-
250,001 to 300,000	1	-
300,001 to 400,000	-	-
400,001 to 450,000	1	-
450,001 to 500,000	-	-
Total	**4**	**4**

The above disclosure is in compliance with the Bursa Securities Main Market Listing Requirements. Nevertheless, it represents a departure from the Principles of Corporate Governance of the Code, which prescribes individual disclosure of directors' remuneration packages. The Board is of the opinion that individual disclosure would impinge upon the directors' reasonable right to privacy and would not significantly enhance shareholders' understanding.

4. UTILISATION OF PROCEEDS

During the financial year, the Company did not raise funds from any corporate exercise.

5. SHARE BUY-BACK

During the financial year, the Company did not exercise any share buy-back.

As at 20 October 2010, the Company has bought back a total of 1,279,700 shares and these are presently held as treasury shares. The Company did not sell or cancel any of its treasury shares during the financial year.

6. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year, the Company did not issue any options, warrants or convertible securities.

7. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")

During the financial year, the Company did not sponsor any ADR or GDR programme.

8. SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

9. NON-AUDIT FEES

The non-audit fees payable to the external auditors for the financial year amounts to RM18,000/-.

10. VARIATION IN RESULTS

There was no material variance between the results for the financial year and the unaudited results previously announced.

11. PROFIT GUARANTEE

During the year, there was no profit guarantee given by the Company.

12. MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

A. On 7 August 2008, the Company entered into the following proposals:

(i) Proposed Disposal of 600,000 ordinary shares of RM1.00 each representing 60% equity interest in Beribu Ukiran Sdn. Bhd. ("BUSB") to Karambunai Corp Bhd. ("KCB") for a total cash consideration of RM3,160,934 ("Proposed Disposal");

(ii) Proposed Novation to Dapan Holdings Sdn. Bhd. ("DHSB"), a wholly owned subsidiary of KCB, of RM33,373,382 being the amount due and owing by BUSB to the Company and to be paid by DHSB to the Company and the repayment thereto to be guaranteed by KCB ("Proposed Novation"); and

(iii) Proposed Termination of the Shareholders Agreement dated 31 March 1997 made between KCB and the Company in relation to BUSB ("Proposed Termination")

(Collectively the "Proposals")

via the following agreements:

(i) Settlement Agreement with KCB, DHSB and BUSB in respect of the Proposals;

(ii) Share Sale and Purchase Agreement with KCB in respect of the Proposed Disposal;

(iii) Novation Agreement with DHSB and BUSB in respect of the Proposed Novation;

(iv) Corporate Guarantee with KCB whereby KCB guaranteed and secured the payment by DHSB to the Company under the Proposed Novation; and

(v) Termination Deed with KCB in respect of the Proposed Termination.

With the completion of the Proposed Disposal, BUSB ceased to be a subsidiary of FACBII effective 7 October 2008.

B. Tan Sri Dr. Chen Lip Keong, Datuk Wan Kassim bin Ahmed, Mr Chen Yiy Hwuan, Mr Chen Yiy Fon and Mr Lim Mun Kee are directors of KCB whereas Puan Sri Lee Chou Sarn is the spouse of Tan Sri Dr. Chen Lip Keong. Mr Chen Yiy Hwuan and Mr Chen Yiy Fon are the sons of Tan Sri Dr. Chen Lip Keong and Puan Sri Lee Chou Sarn. Accordingly, these directors who are Directors of the Company are deemed interested in item (A) above.

There were no other material contracts entered into by the Company and its subsidiaries involving Directors' and substantial shareholders' interests other than as disclosed above.

13. REVALUATION POLICY

The Company does not have a policy of regular revaluation of its landed properties.

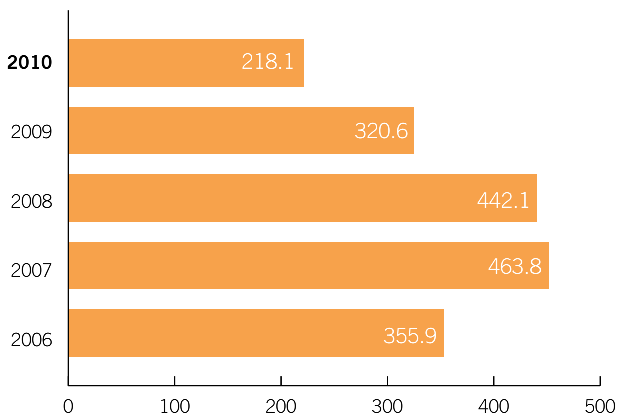
14. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

There were no material recurrent related party transactions of a revenue nature during the year.

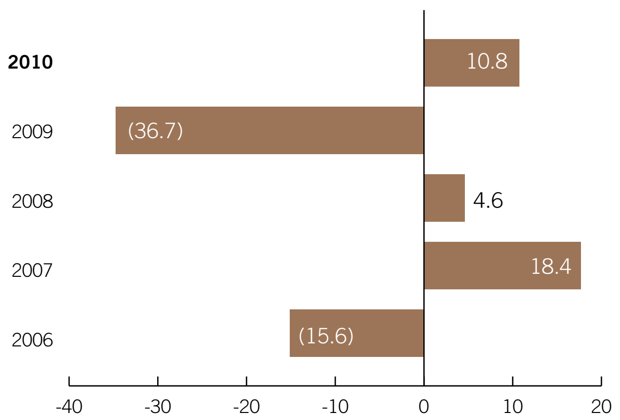
5 YEARS GROUP FINANCIAL HIGHLIGHTS

In RM'000	2006	2007	2008	2009	2010
Revenue from continuing operations	355,884	463,800	442,078	320,552	**218,094**
Profit/(Loss) from continuing operations before taxation	(17,453)	27,161	3,433	(53,815)	**16,748**
Profit from discontinued operations before taxation	1,283	330	2,005	201	**-**
Profit/(Loss) attributable to equity holders	(15,610)	18,399	4,647	(36,723)	**10,764**
Total assets	445,261	497,435	439,535	258,814	**275,255**
Shareholders' equity	178,117	207,835	208,203	169,802	**181,416**
In RM					
Net assets per share	2.24	2.48	2.48	2.02	**2.16**
In Sen					
Earnings/(Loss) per share	(18.61)	21.93	5.54	(43.78)	**12.83**

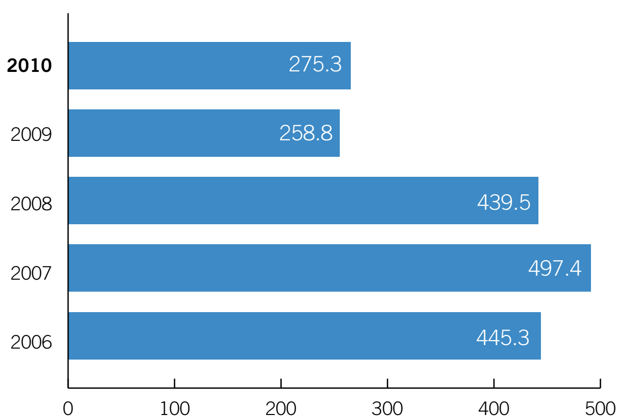
REVENUE FROM CONTINUING OPERATIONS
(RM'Million)



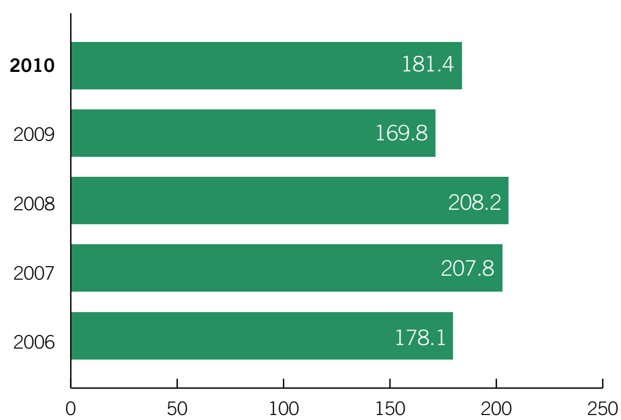
PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS
(RM'Million)



TOTAL ASSETS
(RM'Million)



SHAREHOLDERS' EQUITY
(RM'Million)



FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2010.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the Group are:-

(i) manufacture and sale of stainless steel welded pipes and butt-weld fittings;
(ii) manufacture and sale of carbon steel pipes;
(iii) slitting services; and
(iv) manufacture and wholesale dealership of mattresses, furniture and related accessories.

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

RESULTS

	Group RM	Company RM
Profit for the year	**13,490,038**	**3,932,598**
Attributable to:-		
Equity holders of the Company	**10,764,222**	**3,932,598**
Minority interest	**2,725,816**	**-**
	13,490,038	**3,932,598**

DIVIDENDS

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

The Directors recommend a 4% gross final dividend less 25% taxation per ordinary share of RM1 each amounting to RM2,516,484 in respect of the current financial year ended 30 June 2010, subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2011.

RESERVES AND PROVISIONS

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

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 have satisfied themselves that there were no known bad debts and adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would require the writing off of 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.

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 which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which 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 would render adherence to the existing method 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 or of the Company which 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 or of the Company which has arisen since the end of the financial year.

No contingent liability or other liability of the Group or 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 or 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 which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:-

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

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

ISSUE OF SHARES

During the financial year, no new issue of shares was made by the Company.

TREASURY SHARES

During the financial year, the Company did not repurchase any of its issued and fully paid ordinary shares.

As at 30 June 2010, the Company held as treasury shares a total of 1,279,700 of its 85,162,500 issued ordinary shares. Such treasury shares are held at a carrying amount of RM1,225,544 and are disclosed in note 22 to the financial statements.

DIRECTORS OF THE COMPANY

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

- TAN SRI DATO' SULAIMAN BIN SUJAK
- TAN SRI DR. CHEN LIP KEONG
- PUAN SRI LEE CHOU SARN
- DATO' DR. ABDUL RAZAK BIN ABDUL
- DATUK WAN KASSIM BIN AHMED
- CHEN YIY HWUAN
- CHEN YIY FON
- LIM MUN KEE

DIRECTORS' INTERESTS

According to the register of Directors' shareholding, the interests of the Directors in office as at the end of the financial year in the shares of the Company during the financial year were as follows:-

	Number of Ordinary Shares of RM1 Each			
	At 1.7.09	Bought	Sold	**At 30.6.10**
Direct Interest				
Tan Sri Dr. Chen Lip Keong	16,925,000	-	-	**16,925,000**
Puan Sri Lee Chou Sarn	505,493	-	-	**505,493**

DIRECTORS' INTERESTS (CONT'D)

	Number of Ordinary Shares of RM1 Each			
	At 1.7.09	Bought	Sold	**At 30.6.10**
Indirect Interest				
Tan Sri Dr. Chen Lip Keong*	505,493	-	-	**505,493**
Puan Sri Lee Chou Sarn*	16,925,000	-	-	**16,925,000**
Chen Yiy Hwuan**	17,430,493	-	-	**17,430,493**
Chen Yiy Fon**	17,430,493	-	-	**17,430,493**

* Deemed interested by virtue of the shares held by his/her spouse.

** Deemed interested by virtue of the shares held by their parents, i.e. Tan Sri Dr. Chen Lip Keong and Puan Sri Lee Chou Sarn.

By virtue of their interests in the shares of the Company, the Directors as disclosed above are also deemed to have an interest in the shares of the subsidiary companies to the extent of the shareholdings of the Company.

None of the other Directors held any shares whether directly or indirectly in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those disclosed as Directors' remuneration and benefits-in-kind in note 31(a) 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 a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Moore Stephens AC, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution dated 1 October 2010.

PUAN SRI LEE CHOU SARN **DATO' DR. ABDUL RAZAK BIN ABDUL**

STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 33 to 100, are drawn up in accordance with the provisions of the Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2010 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution dated 1 October 2010.

PUAN SRI LEE CHOU SARN

DATO' DR. ABDUL RAZAK BIN ABDUL

STATUTORY DECLARATION
Pursuant to Section 169(16) of the Companies Act, 1965

I, Bong Shee Cheng, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 33 to 100 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at
Kuala Lumpur in the Federal Territory
on 1 October 2010.

BONG SHEE CHENG

Before me

TENGKU FARIDDUDIN BIN TENGKU SULAIMAN (W533)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the members of FACB Industries Incorporated Berhad (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of FACB Industries Incorporated Berhad, which comprise the balance sheets as at 30 June 2010 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 significant accounting policies and other explanatory notes, as set out on pages 33 to 100.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2010 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in note 8 to the financial statements.

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

(d) The auditors' reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

MOORE STEPHENS AC
Chartered Accountants
AF 001826

CHONG KWONG CHIN
707/04/12 (J/PH)
Chartered Accountant

Kuala Lumpur
1 October 2010

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2010

	Note	2010 RM	2009 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	**44,956,605**	50,814,909
Prepaid land lease payments	5	**15,592,562**	15,801,264
Capital work-in-progress	6	**14,250**	65,871
Investment in associated companies	9	**17,860,386**	16,848,304
Other investments	10	**41,010**	41,010
Deferred tax assets	11	**7,719,000**	7,372,000
Amount owing by a related party	12	**13,373,382**	19,873,382
		99,557,195	110,816,740
Current assets			
Inventories	14	**73,448,534**	49,157,499
Trade receivables	15	**40,578,689**	35,520,227
Other receivables, deposits and prepayments	16	**19,266,964**	12,376,259
Tax assets	17	**1,102,929**	6,693,383
Amounts owing by associated companies	19	**3,386,552**	2,731,154
Deposits with licensed financial institutions	20	**28,808,142**	34,831,356
Cash and bank balances		**9,106,230**	6,687,460
		175,698,040	147,997,338
TOTAL ASSETS		**275,255,235**	258,814,078

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2010

	Note	2010 RM	2009 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	21	**85,162,500**	85,162,500
Reserves	22	**96,253,712**	84,639,615
Equity attributable to equity holders of the Company		**181,416,212**	169,802,115
Minority interest		**18,740,685**	24,029,002
Total equity		**200,156,897**	193,831,117
Liabilities			
Non-current liabilities			
Term loans	23	**1,045,463**	4,511,157
Hire purchase payable	24	**18,332**	39,458
Deferred tax liabilities	11	**2,622,000**	1,880,000
		3,685,795	6,430,615
Current liabilities			
Trade payables	25	**9,191,813**	7,822,936
Other payables and accruals	26	**14,534,750**	11,074,705
Provision	27	**-**	6,300,000
Other borrowings	28	**47,024,753**	32,834,851
Taxation		**661,227**	519,854
		71,412,543	58,552,346
Total liabilities		**75,098,338**	64,982,961
TOTAL EQUITY AND LIABILITIES		**275,255,235**	258,814,078

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 RM	2009 RM
Continuing Operations			
Revenue	29	**218,093,970**	320,551,979
Direct operating costs	30	**(184,577,312)**	(342,209,625)
Gross profit/(loss)		**33,516,658**	(21,657,646)
Other operating income		**7,496,602**	9,952,163
Selling and distribution costs		**(7,978,317)**	(9,750,303)
Administrative costs		**(16,539,924)**	(15,658,784)
Other operating costs		**(700,096)**	(14,025,813)
Profit/(Loss) from operations		**15,794,923**	(51,140,383)
Finance costs		**(2,177,241)**	(4,675,182)
Share of associated companies results after tax		**3,130,327**	2,000,999
Profit/(Loss) before taxation	31	**16,748,009**	(53,814,566)
Taxation	32	**(3,257,971)**	15,102,449
Profit/(Loss) for the year from continuing operations		**13,490,038**	(38,712,117)
Discontinued Operation			
Profit for the year from a discontinued operation	33	**-**	160,640
Profit/(Loss) for the year		**13,490,038**	(38,551,477)
Attributable to:-			
Equity holders of the Company		**10,764,222**	(36,722,856)
Minority interest		**2,725,816**	(1,828,621)
		13,490,038	(38,551,477)
Earnings/(Loss) per share attributable to equity holders of the Company (sen):-			
Basic, for profit/(loss) from continuing operations		**12.83**	(43.89)
Basic, for profit from a discontinued operation		**-**	0.11
Basic, for profit/(loss) for the year	34	**12.83**	(43.78)

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	←		Non-Distributable	→	Distributable				
	Share Capital RM	Share Premium RM	Reserves of Subsidiary Companies* RM	Translation Reserve RM	Retained Earnings RM	Treasury Shares RM	Sub Total RM	Minority Interest RM	Total Equity RM
At 1.7.08	85,162,500	28,989,335	212,738	2,310,392	92,753,413	(1,225,544)	208,202,834	28,194,169	236,397,003
Transfer	-	-	29,385	-	(29,385)	-	-	-	-
Translation (loss)/gain	-	-	-	(419,621)	-	-	(419,621)	430,325	10,704
Income/(expenses) recognised directly in equity	-	-	29,385	(419,621)	(29,385)	-	(419,621)	430,325	10,704
Loss for the year	-	-	-	-	(36,722,856)	-	(36,722,856)	(1,828,621)	(38,551,477)
Total income/(expense) recognised for the year	-	-	29,385	(419,621)	(36,752,241)	-	(37,142,477)	(1,398,296)	(38,540,773)
Dividends (note 35)	-	-	-	-	(1,258,242)	-	(1,258,242)	(997,715)	(2,255,957)
Disposal of a subsidiary company (note 36(a))	-	-	-	-	-	-	-	(1,769,156)	(1,769,156)
At 30.6.09	**85,162,500**	**28,989,335**	**242,123**	**1,890,771**	**54,742,930**	**(1,225,544)**	**169,802,115**	**24,029,002**	**193,831,117**
Transfer	**-**	**-**	**30,030**	**-**	**(30,030)**	**-**	**-**	**-**	**-**
Translation gain	**-**	**-**	**-**	**849,875**	**-**	**-**	**849,875**	**-**	**849,875**
Income/(expenses) recognised directly in equity	**-**	**-**	**30,030**	**849,875**	**(30,030)**	**-**	**849,875**	**-**	**849,875**
Profit for the year	**-**	**-**	**-**	**-**	**10,764,222**	**-**	**10,764,222**	**2,725,816**	**13,490,038**
Total income recognised for the year	**-**	**-**	**30,030**	**849,875**	**10,734,192**	**-**	**11,614,097**	**2,725,816**	**14,339,913**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,821,428)**	**(4,821,428)**
Acquisition of shares from minority interest (note 8(d))	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,192,705)**	**(3,192,705)**
At 30.6.10	**85,162,500**	**28,989,335**	**272,153**	**2,740,646**	**65,477,122**	**(1,225,544)**	**181,416,212**	**18,740,685**	**200,156,897**

* The reserves of the subsidiary companies incorporated in The People's Republic of China are maintained in accordance with the regulatory requirements and are not distributable as cash dividends.

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 RM	2009 RM
Cash Flows from Operating Activities			
Profit/(Loss) before taxation			
- Continuing operations		**16,748,009**	(53,814,566)
- Discontinued operation		**-**	200,800
Adjustments for:-			
Allowance for doubtful debts		**126,905**	820,204
Amortisation of prepaid land lease payments		**208,702**	208,702
Bad debts written off		**-**	44,540
Depreciation of property, plant and equipment		**5,004,063**	6,208,886
Impairment loss on property, plant and equipment		**-**	746,598
Interest expense		**1,803,843**	4,256,752
Interest income		**(2,674,769)**	(1,896,932)
Inventories written off		**23,735**	-
Write down of inventories		**28,963**	44,316,176
Gain on disposal of property, plant and equipment		**(1,075,779)**	(51,854)
Property, plant and equipment written off		**11,570**	1,743
Share of associated companies results after tax		**(3,130,327)**	(2,000,999)
Negative goodwill arising from acquisition of shares from minority interest		**(778,705)**	-
Reversal of allowance for doubtful debts		**(209,957)**	(310,376)
Gain on disposal of a subsidiary company		**-**	(5,042,458)
Reversal of inventories written down		**(436,974)**	(147,028)
Provision for losses on structured foreign exchange contract		**-**	3,282,000
Reversal of provision for losses on structured foreign exchange contract		**(1,522,724)**	-
Unrealised loss/(gain) on foreign exchange		**1,283,726**	(1,147,958)
Operating profit/(loss) before working capital changes		**15,410,281**	(4,325,770)
Decrease in property development costs		**-**	1,650,457
(Increase)/Decrease in inventories		**(23,906,759)**	51,539,639
(Increase)/Decrease in receivables		**(3,267,850)**	67,053,413
Increase/(Decrease) in payables		**54,771**	(16,045,880)
Cash (used in)/generated from operations		**(11,709,557)**	99,871,859
Interest received		**576,417**	560,202
Income tax paid		**(1,428,062)**	(1,125,058)
Income tax refund		**4,296,918**	-
Interest paid		**(1,803,843)**	(4,624,241)
Net cash (used in)/generated from operating activities		**(10,068,127)**	94,682,762

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	**2010** RM	2009 RM
Cash Flows from Investing Activities			
Acquisition of shares from minority interest of a subsidiary company		**(2,414,000)**	-
Dividend received from associated companies		**1,296,386**	581,364
Purchase of property, plant and equipment		**(2,455,530)**	(1,416,741)
Proceeds from disposal of property, plant and equipment		**4,439,851**	66,440
Capital work-in-progress incurred		**(14,250)**	(65,871)
Repayment from an associated company		**-**	2,921
Effect of disposal of a subsidiary company, net of cash disposed	36	**-**	2,108,778
Net cash generated from investing activities		**852,457**	1,276,891
Cash Flows from Financing Activities			
Drawdown of trade financing facilities		**58,736,690**	133,002,229
Dividend paid		**-**	(1,258,242)
Repayments of hire purchase payable		**(20,163)**	(56,795)
Repayments of term loans		**(4,522,551)**	(2,928,299)
Repayments of trade financing facilities		**(43,490,894)**	(210,777,848)
Dividend paid to minority shareholders by subsidiary companies		**(4,821,428)**	(997,715)
Net cash generated from/(used in) financing activities		**5,881,654**	(83,016,670)
Net (decrease)/increase in cash and cash equivalents		**(3,334,016)**	12,942,983
Effect of exchange rate changes		**(270,428)**	695,560
Cash and cash equivalents at beginning of the year		**41,518,816**	27,880,273
Cash and cash equivalents at end of the year	37	**37,914,372**	41,518,816

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

BALANCE SHEET
AS AT 30 JUNE 2010

	Note	2010 RM	2009 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	**7,592**	12,843
Investment in subsidiary companies	8	**29,070,022**	29,070,022
Other investments	10	**41,010**	41,010
Amount owing by a related party	12	**13,373,382**	19,873,382
		42,492,006	48,997,257
Current assets			
Other receivables, deposits and prepayments	16	**16,547,313**	7,949,633
Tax assets	17	**-**	5,348,917
Amounts owing by subsidiary companies	18	**62,930,441**	57,052,623
Deposits with licensed financial institutions	20	**12,881,167**	14,003,535
Cash and bank balances		**4,166,628**	81,765
		96,525,549	84,436,473
TOTAL ASSETS		**139,017,555**	133,433,730
EQUITY AND LIABILITIES			
Equity			
Share capital	21	**85,162,500**	85,162,500
Reserves	22	**49,000,543**	45,067,945
Total equity		**134,163,043**	130,230,445
Liabilities			
Current liabilities			
Other payables and accruals	26	**580,787**	258,209
Amounts owing to subsidiary companies	18	**4,116,225**	2,945,076
Taxation		**157,500**	-
		4,854,512	3,203,285
TOTAL EQUITY AND LIABILITIES		**139,017,555**	133,433,730

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 RM	2009 RM
Revenue	29	**2,678,572**	22,525,000
Other operating income		**2,289,246**	4,939,294
Administrative costs		**(913,339)**	(971,985)
Other operating costs		**(1,495)**	(11,133,043)
Profit before taxation	31	**4,052,984**	15,359,266
Taxation	32	**(120,386)**	1,581
Profit for the year		**3,932,598**	15,360,847

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Share Capital RM	Non-Distributable Share Premium RM	Distributable Retained Earnings RM	Treasury Shares RM	Total Equity RM
At 1.7.08	85,162,500	28,989,335	3,201,549	(1,225,544)	116,127,840
Profit for the year	-	-	15,360,847	-	15,360,847
Dividends (note 35)	-	-	(1,258,242)	-	(1,258,242)
At 30.6.09	**85,162,500**	**28,989,335**	**17,304,154**	**(1,225,544)**	**130,230,445**
Profit for the year	**-**	**-**	**3,932,598**	**-**	**3,932,598**
At 30.6.10	**85,162,500**	**28,989,335**	**21,236,752**	**(1,225,544)**	**134,163,043**

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 RM	2009 RM
Cash Flows from Operating Activities			
Profit before taxation		**4,052,984**	15,359,266
Adjustments for:-			
Depreciation of property, plant and equipment		**5,251**	6,482
Interest income		**(2,281,218)**	(1,541,074)
Allowance for doubtful debts		**-**	11,132,769
Gain on disposal of a subsidiary company		**-**	(2,559,854)
Unrealised loss/(gain) on foreign exchange		**665**	(838,366)
Operating profit before working capital changes		**1,777,682**	21,559,223
Decrease/(Increase) in receivables		**1,457,782**	(31,877,363)
Increase/(Decrease) in payables		**322,578**	(13,330)
Cash generated from/(used in) operations		**3,558,042**	(10,331,470)
Interest received		**186,362**	204,459
Tax paid		**(200,500)**	(120,000)
Income tax refund		**4,125,925**	-
Net cash generated from/(used in) operating activities		**7,669,829**	(10,247,011)
Cash Flows from Investing Activities			
Addition to investment in a subsidiary company		**-**	(1,315,000)
(Advances to)/Repayments from subsidiary companies		**(5,877,818)**	20,413,579
Proceed from disposal of a subsidiary company		**-**	3,160,934
Net cash (used in)/generated from investing activities		**(5,877,818)**	22,259,513
Cash Flows from Financing Activities			
Advances from subsidiary companies		**1,171,149**	804,653
Dividends paid		**-**	(1,258,242)
Net cash generated from/(used in) financing activities		**1,171,149**	(453,589)
Net increase in cash and cash equivalents		**2,963,160**	11,558,913
Effect of exchange rate changes		**(665)**	683
Cash and cash equivalents at beginning of the year		**14,085,300**	2,525,704
Cash and cash equivalents at end of the year	37	**17,047,795**	14,085,300

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

1. CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business is located at Etiqa Twins, Tower 1, Level 13, 11 Jalan Pinang, 50450 Kuala Lumpur.

The Company is principally engaged in investment holding and provision of management services. The principal activities of the Group are:-

(i) manufacture and sale of stainless steel welded pipes and butt-weld fittings;
(ii) manufacture and sale of carbon steel pipes;
(iii) slitting services; and
(iv) manufacture and wholesale dealership of mattresses, furniture and related accessories.

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

The financial statements were authorised for issue in accordance with the Board of Directors' resolution dated 1 October 2010.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB") and complied with the provisions of the Companies Act, 1965.

New FRS adopted

FRS 8 Operating Segments

The adoption of FRS 8 does not have any significant financial impact on the results and the financial position of the Group and of the Company.

New and revised FRSs, Amendments to FRSs, Issues Committee ("IC") Interpretations and Technical Releases ("TRs") issued but not yet effective

At the date of authorisation of these financial statements, the following new and revised FRSs, Amendments to FRSs, IC Interpretations and TRs were issued but not yet effective and have not been applied by the Group and the Company.

		For financial periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations (Revised)	1 July 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 101	Presentation of Financial Statements (Revised)	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements (Revised)	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

		For financial periods beginning on or after
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1	Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010/ 1 March 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate		1 January 2010
Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives		1 January 2010
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"		1 January 2010
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
TR 3	Guidance on Disclosures of Transition to IFRSs	31 December 2010
TR i-3	Presentation of Financial Statements of Islamic Financial Institutions	1 January 2010
TR i-4	Shariah Compliant Sale Contracts	1 January 2011

By virtue of the exemption in FRS 4, 7 and 139, the impact of applying the respective FRSs on these financial statements upon their first adoption is not disclosed.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

The adoption of the other FRSs, Amendments to FRSs, IC Interpretations and TRs is not expected to have any significant impact on the results and financial position of the Group and of the Company upon their initial application, except for FRS 101, FRS 117 and FRS 127 as indicated below.

FRS 101 Presentation of Financial Statements

The revised FRS 101 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: It presents all items of income and expense recognised in income statements, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group and the Company are currently evaluating the format to adopt. New terminologies will replace 'balance sheet' with 'statement of financial position' and 'cash flow statement' with 'statement of cash flows'. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statement. The adoption of this revised standard will only impact the form and content of the presentation of the Group's and of the Company's financial statements in the next financial year.

Amendments to FRS 117 Leases

The amendments remove the specific guidance on classifying leasehold land as operating lease. As such, leases of land will be classified as either finance or operating lease based on the general principle of FRS 117. Consequently, upon initial application, leasehold land where in substance is a finance lease will be classified from "prepaid land lease payments" to "property, plant and equipment" and measured as such retrospectively.

FRS 127 Consolidated and Separate Financial Statements

The revised FRS 127 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority shareholders to be absorbed by minority shareholders instead of by the parent. The Group will apply the changes of revised FRS 127 prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(b) Basis of measurement

The measurement bases applied in the preparation of the financial statements include cost, recoverable amount and realisable value. Estimates are used in measuring these values.

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Group and of the Company are presented in Ringgit Malaysia (RM) which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

2. BASIS OF PREPARATION (CONT'D)

(d) Significant accounting estimates and judgements

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:-

(i) testing for impairment of property, plant and equipment – the measurement of the recoverable amount of cash generating units are determined based on the value in use and resale value;

(ii) depreciation of property, plant and equipment – the cost of property, plant and equipment is depreciated on a straight line method over the assets useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. These are common life expectancies applied generally. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised;

(iii) construction contracts / property development – significant judgement is used in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue (for contracts other than fixed price contracts) and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the subsidiary company relied on past experience and work of specialists;

(iv) allowance for doubtful debts – the Group and the Company make allowance for doubtful debts based on an assessment of the recoverability of the receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable in full. Management specifically analyses 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 for doubtful debts. The management has also specifically reviewed the amount owing by a related party of RM16,412,056 (2009 : RM7,835,152) under current assets as disclosed in note 16. As disclosed in note 12, the related party has requested for an extension of payment which was due on 6 October 2009 to 6 October 2010. The management is aware of the assets disposal exercise by the related party to raise cash for the repayment and monitoring closely on the development. The management is also currently in discussion with the related party to securitise the debt to safeguard the interests of the Group. The recoverability of this amount is dependent upon the favourable outcome of the assets disposal exercise and the discussion with the related party to securitise the debt. In view of this, the Directors are of the opinion that this debt is recoverable. When the expectation is different from the original estimate, such difference will impact the carrying value of receivables;

(v) deferred tax asset – it is 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 unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax asset that can be recognised, based on the future financial performance of the Group; and

(vi) provision for losses on structured foreign exchange contract – the Group make provision for losses on structured foreign exchange contract when the assessment of expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. A considerable amount of judgement is required when assessing the expected unavoidable costs and the corresponding provision. This provision is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies which are disclosed in note 8 made up to the end of the financial year.

Intragroup balances, transactions and resulting unrealised gains or losses are eliminated on consolidation. Consolidated financial statements reflect external transactions only. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

The results of the subsidiary companies acquired or disposed during the financial year are included in the consolidated financial statements using the purchase method from the effective date of acquisition or up to the effective date of disposal respectively. The assets, liabilities and the contingent liabilities assumed from a subsidiary company are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet.

Any excess of the cost of the 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.

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

(b) Subsidiary Company

A subsidiary company is a company in which the Group has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary companies, which are eliminated on consolidation, are stated at cost less accumulated impairment losses, if any, in the Company's financial statements. An impairment loss is recognised when there is impairment in the value of the investments determined on an individual basis and is charged to the income statement as an expense. The difference between net disposal proceeds and its carrying amount is charged or credited to income statement upon disposal of the investment.

(c) Associated Company

An associated company is defined as a company, not being a subsidiary company, in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies of the company.

Investment in associated companies are stated at cost less accumulated impairment losses, if any, in the Group's financial statements.

The Group's investment in associated companies are stated at cost plus adjustments for post-acquisition changes in the Group's share of net assets of the associated companies. The Group's share of post-acquisition results of the associated companies is accounted for using the equity method of accounting.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Associated Company (cont'd)

The Group's share of post-acquisition losses is restricted to the carrying value of the investment in associated companies. Should the associated companies subsequently report profits, the Group will only resume to recognise its share of profits after its share of profits equals to its share of losses previously not recognised.

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

(d) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or at valuation less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Depreciation on property, plant and equipment is calculated on the straight line method to write off the cost or revalued amount of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are:-

Buildings	2%
Plant and machinery	9% - 20%
Office equipment, furniture, fittings, renovations and motor vehicles	9% - $33\frac{1}{3}$%

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

Buildings stated at valuation are based on a valuation by professional valuers on an open market basis. The Directors do not adopt a policy of regular revaluation of such properties.

The valuations of the buildings have not been updated and continue to be stated at their last revalued amount less accumulated depreciation and accumulated impairment losses, if any. This is in accordance with the transitional provisions issued by MASB on adoption of International Accounting Standard No. 16 (Revised) on Property, Plant and Equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Impairment of Assets

The carrying amounts of assets other than inventories, deferred tax assets and financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost to sell and the value in use, which is measured by reference to the discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount.

An impairment loss is recognised as an expense in the income statement. However, an impairment loss on a revalued asset will be treated as a revaluation deficit to the extent that the loss does not exceed the amount held in revaluation reserve in respect of the same asset.

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior financial years. The reversal of impairment loss is recognised as income in the income statement. However, the reversal of impairment loss on a revalued asset will be treated as revaluation surplus to the extent that the reversal does not exceed the amount previously held in revaluation reserve of the same asset.

(f) Capital Work-In-Progress

Capital work-in-progress consists of expenditure incurred on construction of property, plant and equipment which take a substantial period of time to be ready for their intended use.

This expenditure is stated at cost and no depreciation is provided. Upon completion of construction, the cost will be transferred to property, plant and equipment.

(g) Land Held for Property Development

Land held for property development are carried at cost less accumulated impairment losses, if any, and classified as non-current assets where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle.

Land held for property development are reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(h) Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Costs consist of land and construction costs and other development expenditure including related overheads and capitalised borrowing costs.

When the financial outcome of a development activity can be reliably estimated, property development revenue and costs are recognised in the income statement by reference to the stage of completion of development activities at the balance sheet date. The stage of completion is measured by reference to the proportion of property development costs incurred for work performed to-date bears to the estimated total property development costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Property Development Costs (cont'd)

When the financial 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.

Any expected loss on a development project is recognised as an expense immediately.

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.

Accrued billings, as trade receivables, represents the excess of revenue recognised in the income statement over billings to purchasers. Progress billings, as trade payables, represents the excess of billings to purchasers over revenue recognised in the income statement.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials, spare parts and consumables are determined on the weighted average basis. Cost of finished goods and work-in-progress include the cost of raw materials, direct labour and appropriate production overheads, determined on first-in first-out basis.

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

(j) Disposal Group Held for Sale and Discontinued Operation

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

Immediately before classification as held for sale, the measurement of all the assets and liabilities in a disposal group are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Any differences are included in the income statement.

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

(k) Provisions

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Provisions (cont'd)

A provision for losses on structured foreign exchange contract is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(l) Leases

i. Finance Lease

Assets acquired by way of hire purchase or finance lease where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Finance lease are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the remaining balance. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period.

ii. Operating Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease. In the case of the lease of land, the minimum lease payments or the up-front payments representing the prepaid lease payments are amortised on a straight-line basis over the lease term.

The Group had previously revalued its leasehold land and have retained the unamortised revalued amount as the surrogate cost of prepaid land lease payments in accordance with the transitional provisions in FRS 117.

(m) Borrowing costs

All borrowing costs are recognised in income statement in the period in which they are incurred.

(n) Treasury Shares

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction costs is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares. When treasury shares are re-issued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

(o) Segment Reporting

An operating segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker, the Group's Board of Directors and respective segment managers who are responsible for allocating resources and assessing performance of the operating segments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Foreign Currencies

i. Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period in which they arise. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the company's net investment in foreign operations are recognised in profit or loss in the company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

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

ii. Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:-

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

(ii) Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Taxation

Taxation in the income statement represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year and any adjustments recognised in the financial year for prior year's tax.

Deferred tax is recognised, using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled.

Deferred tax is recognised in equity when it relates to items recognised directly in equity. When deferred tax arises from business combination that is an acquisition, the deferred tax is included in the resulting goodwill.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxation authority to offset or when it is probable that future taxable income will be available against which the assets can be utilised.

(r) Employee Benefits

i. Short Term Benefits
Wages, salaries and bonuses are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii. Defined Contribution Plan
As required by law, companies in Malaysia and The People's Republic of China make contribution to the state pension scheme. Such contribution is recognised as an expense in the income statement when incurred.

(s) Revenue Recognition

i. Goods sold
Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

ii. Rental income
Rental income is recognised on accrual basis.

iii. Services
Revenue from services is recognised as and when services are performed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Revenue Recognition (cont'd)

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

v. Dividend revenue
Dividend revenue is recognised when the rights to receive payment is established.

(t) Financial Instruments

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

The recognised financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, other non-current investments, bank borrowings and ordinary shares. These instruments are recognised in the financial statements when a contract or contractual arrangement has been entered into with the counter-parties.

The unrecognised financial instruments comprise financial guarantees given for banking facilities granted to the subsidiary companies and derivative financial instruments such as foreign exchange contracts. The financial guarantees would be recognised as liabilities when obligations to pay the counter-parties are assessed as being probable. The derivatives are recognised only when underlying transactions occur or when settled.

i. Cash and Cash Equivalents
Cash and cash equivalents comprise cash and bank balances, and demand deposits which are subject to an insignificant risk of changes in value.

ii. Receivables
Receivables are stated at cost less allowance for doubtful debts, if any, which are the anticipated realisable values. Known bad debts are written off and specific allowance is made for those debts considered to be doubtful of collection. In addition, general allowances are made to cover possible losses which are not specifically identified.

iii. Payables
Payables are stated at cost which are the fair values of the considerations to be paid in the future for goods and services received.

iv. Other Non-Current Investments
Non-current investments other than investments in subsidiary companies and associated companies are stated at cost less impairment loss, if any.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Financial Instruments (cont'd)

v. Interest Bearing Bank Borrowings

Interest bearing bank borrowings including trade financing facilities, hire purchase payable and loans are stated at the amount of proceeds received, net of transaction costs.

vi. Equity Instruments

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

The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those external costs directly attributable to the equity transaction which would otherwise have been avoided. Costs of issuing equity securities in connection with a business combination are included in the cost of acquisition.

vii. Derivative Financial Instruments

Derivative financial instruments are not recognised in the financial statements on inception.

(u) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the balance sheets of the Group and of the Company.

4. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM	Plant & Machinery RM	Office Equipment, Furniture, Fittings, Renovations & Motor Vehicles RM	Total RM
Group				
Cost/Valuation				
At 1.7.09	38,721,952	105,439,908	8,988,810	153,150,670
Additions	149,212	1,901,131	405,187	2,455,530
Disposals	-	(7,679,246)	(295,480)	(7,974,726)
Transfer from capital work-in-progress (note 6)	-	65,871	-	65,871
Written off	-	-	(74,295)	(74,295)
At 30.6.10	38,871,164	99,727,664	9,024,222	147,623,050
Accumulated Depreciation				
At 1.7.09	13,317,506	81,420,222	6,851,435	101,589,163
Charge for the year	775,898	3,601,615	626,550	5,004,063
Disposals	-	(4,103,428)	(289,812)	(4,393,240)
Written off	-	-	(62,725)	(62,725)
At 30.6.10	14,093,404	80,918,409	7,125,448	102,137,261
Accumulated Impairment Losses				
At 1.7.09	-	746,598	-	746,598
Disposal	-	(217,414)	-	(217,414)
At 30.6.10	-	529,184	-	529,184
Net Carrying Amount				
At 30.6.10	24,777,760	18,280,071	1,898,774	44,956,605

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings RM	Plant & Machinery RM	Office Equipment, Furniture, Fittings, Renovations & Motor Vehicles RM	Total RM
Group				
Cost/Valuation				
At 1.7.08	38,721,952	104,692,820	8,658,873	152,073,645
Additions	-	707,359	709,382	1,416,741
Disposals	-	-	(479,387)	(479,387)
Written off	-	(686,207)	(39,191)	(725,398)
Exchange differences	-	725,936	139,133	865,069
At 30.6.09	38,721,952	105,439,908	8,988,810	153,150,670
Accumulated Depreciation				
At 1.7.08	12,543,067	76,928,681	6,577,347	96,049,095
Charge for the year	774,439	4,746,695	687,752	6,208,886
Disposals	-	-	(464,801)	(464,801)
Written off	-	(685,222)	(38,433)	(723,655)
Exchange differences	-	430,068	89,570	519,638
At 30.6.09	13,317,506	81,420,222	6,851,435	101,589,163
Accumulated Impairment Losses				
At 1.7.08	-	-	-	-
Charge for the year	-	746,598	-	746,598
At 30.6.09	-	746,598	-	746,598
Net Carrying Amount				
At 30.6.09	25,404,446	23,273,088	2,137,375	50,814,909

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings RM	Plant & Machinery RM	Office Equipment, Furniture, Fittings, Renovations & Motor Vehicles RM	Total RM
Group				
2010				
Cost/Valuation				
At valuation	**27,290,000**	**-**	**-**	**27,290,000**
At cost	**11,581,164**	**99,727,664**	**9,024,222**	**120,333,050**
	38,871,164	**99,727,664**	**9,024,222**	**147,623,050**
Net Carrying Amount				
At valuation	**17,107,748**	**-**	**-**	**17,107,748**
At cost	**7,670,012**	**18,280,071**	**1,898,774**	**27,848,857**
	24,777,760	**18,280,071**	**1,898,774**	**44,956,605**
2009				
Cost/Valuation				
At valuation	27,290,000	-	-	27,290,000
At cost	11,431,952	105,439,908	8,988,810	125,860,670
	38,721,952	105,439,908	8,988,810	153,150,670
Net Carrying Amount				
At valuation	17,653,548	-	-	17,653,548
At cost	7,750,898	23,273,088	2,137,375	33,161,361
	25,404,446	23,273,088	2,137,375	50,814,909

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Office Equipment RM	Renovation RM	Furniture & Fittings RM	Motor Vehicle RM	Total RM
Company					
Cost					
At 1.7.09/**30.6.10**	**71,041**	**190,182**	**141,671**	**588,000**	**990,894**
Accumulated Depreciation					
At 1.7.09	**71,020**	**180,075**	**138,957**	**587,999**	**978,051**
Charge for the year	**-**	**4,166**	**1,085**	**-**	**5,251**
At 30.6.10	**71,020**	**184,241**	**140,042**	**587,999**	**983,302**
Net Carrying Amount					
At 30.6.10	**21**	**5,941**	**1,629**	**1**	**7,592**
Cost					
At 1.7.08/30.6.09	71,041	190,182	141,671	588,000	990,894
Accumulated Depreciation					
At 1.7.08	69,788	175,910	137,872	587,999	971,569
Charge for the year	1,232	4,165	1,085	-	6,482
At 30.6.09	71,020	180,075	138,957	587,999	978,051
Net Carrying Amount					
At 30.6.09	21	10,107	2,714	1	12,843

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Property, plant and equipment of the Group pledged to licensed banks for banking facilities as disclosed in notes 23 and 28 are as follows:-

	Group	
	2010	2009
	RM	RM
Net Carrying Amount		
Plant and machinery	**6,498,166**	13,031,138

(b) The buildings of the Group were separately revalued by professional valuers on an open market basis in the following years:-

	Valuation Amount RM
Group	
November 1991	3,690,000
March 1992	23,600,000
	27,290,000

The net carrying amount of buildings of the Group had no revaluation been made would be RM16,764,856 (2009 : RM17,292,946).

(c) Motor vehicle acquired under hire purchase instalment plan is as follows:-

	Group	
	2010	2009
	RM	RM
Cost	**111,542**	111,542
Net Carrying Amount	**39,040**	61,349

5. PREPAID LAND LEASE PAYMENTS

	Group 2010 RM	Group 2009 RM
At beginning of the year	**15,801,264**	16,009,966
Amortisation for the year	**(208,702)**	(208,702)
At end of the year	**15,592,562**	15,801,264
Analysed as follows:-		
Long term leasehold land	**14,770,782**	14,953,714
Short term leasehold land	**821,780**	847,550
	15,592,562	15,801,264

The short term leasehold land of the Group has an unexpired lease period of less than 50 years whereas the long term leasehold land of the Group has an unexpired lease period of more than 50 years.

The leasehold land of the Group were revalued in 1991 and 1992 by independent professional valuers to reflect the market value on existing use basis. As allowed by the transitional provisions of FRS 117, where the leasehold land had been previously revalued, the unamortised revalued amount of leasehold land is retained as the surrogate cost of prepaid land lease payments and is amortised over the remaining lease term of the leasehold land.

6. CAPITAL WORK-IN-PROGRESS

	Group 2010 RM	Group 2009 RM
At cost,		
At beginning of the year	**65,871**	-
Additions	**14,250**	65,871
Transfer to property, plant and equipment (note 4)	**(65,871)**	-
At end of the year	**14,250**	65,871

The capital work-in-progress incurred is in respect of acquisition and construction of plant and machinery by a subsidiary company.

7. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2010	2009
	RM	RM
At cost,		
Leasehold land	**-**	40,501,544
Development costs	**-**	9,861,757
	-	50,363,301
Disposal of a subsidiary company	**-**	(50,363,301)
	-	-

The disposal of a subsidiary company was made up of the following:-

	Group	
	2010	2009
	RM	RM
Leasehold land and development costs (note 36)	**-**	54,898,558
Less : Interest charged to a former subsidiary company (note 36)	**-**	(4,535,257)
	-	50,363,301

Prior to the disposal, it was the land and development expenditure incurred on a piece of land measuring 114.17 acres. This piece of land was part of a portion of leasehold land measuring 127.64 acres in the District of Kota Kinabalu, Sabah which was acquired from Dapan Holdings Sdn. Bhd. (“DHSB”), a subsidiary company of Karambunai Corp Bhd. (“KCB”), in which certain Directors of the Company have interest.

Included in the above leasehold land was a parcel of land measuring 105.77 acres held under a master title which was in the process of being subdivided and was still in the name of the vendor. The parcel of land was pledged for banking facilities granted to the vendor.

8. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2010	2009
	RM	RM
Unquoted shares, at cost	**29,170,022**	29,170,022
Less: Accumulated impairment losses	**(100,000)**	(100,000)
	29,070,022	29,070,022

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows:-

Name of Company	Country of Incorporation	Principal Activities	Effective Direct Equity Interest 2010	2009
Held by the Company				
Creation Holdings Berhad	Malaysia	Dormant	**100%**	100%
Dreamland Spring Sdn. Bhd.	Malaysia	Investment holding	**100%**	100%
Dream Tours Sdn. Bhd.	Malaysia	Dormant	**100%**	100%
Estasi Stainlessware Sdn. Bhd.	Malaysia	Dormant	**100%**	100%
* Global Glister Limited	Hong Kong	Dormant	**100%**	100%
Kanzen Chuzoo Sdn. Bhd.	Malaysia	Dormant	**100%**	100%
Kanzen Hartanah Sdn. Bhd.	Malaysia	Dormant	**100%**	100%
Kanzen Land Sdn. Bhd.	Malaysia	Dormant	**100%**	100%
Kanzen Management Sdn. Bhd.	Malaysia	Providing management and secretarial services	**100%**	100%
Kanzen Properties Sdn. Bhd.	Malaysia	Dormant	**100%**	100%
Kanzen Shindo Sdn. Bhd.	Malaysia	Dormant	**70%**	70%
Kanzen Tetsu Sdn. Bhd.	Malaysia	Manufacture and sale of stainless steel welded pipes and butt-weld fittings	**100%**	100%
Kanzen Kagu Sdn. Bhd.	Malaysia	Manufacture and sale of carbon steel pipes	**100%**	100%
Kanzen Ventures Sdn. Bhd.	Malaysia	Investment holding	**100%**	100%
* Restonic (M) Sdn. Bhd.	Malaysia	Investment holding	****50%+1**	**50%+1

Name of Company	Country of Incorporation	Principal Activities	Effective Indirect Equity Interest 2010	2009
Held through Dreamland Spring Sdn. Bhd.				
* Dreamland Qingdao Pte. Ltd.	The People's Republic of China	Manufacture and marketing of the Dreamland range of mattresses and sofa	**51%**	51%
* Dreamland Xian Pte. Ltd.	The People's Republic of China	Dormant	**52%**	52%
* Nantong Dreamland Steel Products Co. Ltd.	The People's Republic of China	Manufacture and sale of steel wire products	**55%**	55%

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows:- (cont'd)

Name of Company	Country of Incorporation	Principal Activities	Effective Indirect Equity Interest 2010	Effective Indirect Equity Interest 2009
Held through Kanzen Tetsu Sdn. Bhd.				
Kanzen Marketing Sdn. Bhd.	Malaysia	Dormant	**100%**	100%
Kanzen Stainless Processors Sdn. Bhd.	Malaysia	Providing slitting services	**100%**	70%
Held through Kanzen Ventures Sdn. Bhd.				
Kanzen Energy Ventures Sdn. Bhd.	Malaysia	Investment holding	**55%**	55%
Held through Restonic (M) Sdn. Bhd.				
* Dreamland Corporation (Malaysia) Sdn. Bhd.	Malaysia	Wholesale dealership of mattresses, furniture and related accessories	****50%+1**	**50%+1
* Dreamland Spring Manufacturing Sdn. Bhd.	Malaysia	Manufacture and wholesale dealership of mattresses	****50%+1**	**50%+1
* Eurocoir Products Sdn. Bhd.	Malaysia	Manufacture and sale of polyester fibre and polyester pillows and bolsters	****50%+1**	**50%+1
* Dream Products Sdn. Bhd.	Malaysia	Manufacture and sale of synthetic foam, bedding coordinates, cushion seats, polyester, sponge pillows and bolsters	****50%+1**	**50%+1
* Dream Crafts Sdn. Bhd.	Malaysia	Marketing and sales promotion of furniture, mattresses and related accessories	****50%+1**	**50%+1
* Sleepmaker Sdn. Bhd.	Malaysia	Dormant	****50%+1**	**50%+1
* Dreamland (Singapore) Pte. Ltd.	Singapore	Liquidated	-	**50%+1

* Audited by other professional firms of chartered accountants.
** The equity interests of the Company is 50% plus 1 share.

(a) The financial statements of a subsidiary company namely Dreamland Xian Pte. Ltd. is consolidated based on management financial statements for the financial year ended 30 June 2010 as the company had ceased operations and remained dormant since its financial year ended 31 December 2002.

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) The paid-up capital of Restonic (M) Sdn. Bhd. comprises:-

	RM
Ordinary "A" shares	12,250,000
Ordinary "B" shares	5,249,999
Preference shares	7,000,000
	24,499,999

The ordinary "A" shares and ordinary "B" shares carry the same rights with respect to each other in the equity share capital of the company.

The preference shares at a fixed non-cumulative dividend rate of 0.001% per annum are irredeemable and rank for preferential dividend in priority to all other classes of shares in the capital of the company and can participate in any distribution of dividends by the company and in the event of the company being wound-up, participate in the distribution of capital. The preference shares do not entitle the holders to vote at any general meeting of the company.

(c) During the financial year, Restonic (M) Sdn. Bhd. placed its wholly-owned subsidiary company, Dreamland (Singapore) Pte. Ltd. ("DSPL") under voluntary liquidation. DSPL was incorporated on 7 March 1983 and has an issued and paid-up share capital of SGD2 divided into 2 ordinary shares of SGD1 each. DSPL was a dormant company.

(d) During the financial year, the Company via its wholly-owned subsidiary company, Kanzen Tetsu Sdn. Bhd. ("KTSB") acquired the remaining 30% equity interest in Kanzen Stainless Processors Sdn. Bhd. ("KSP") for a cash consideration of RM2,414,000 from ArcelorMittal Stainless International S.A.. The cash consideration was arrived at on a willing seller and willing buyer basis after taking into consideration the net assets of KSP. The acquisition was completed on 12 July 2010.

KSP operates a steel service centre at the existing KTSB's plant in Shah Alam, Malaysia. With the said acquisition, KTSB now has full control on the business direction of KSP.

9. INVESTMENT IN ASSOCIATED COMPANIES

	Group	
	2010	2009
	RM	RM
Unquoted shares, at cost	**14,604,419**	14,604,419
Group's share of post-acquisition reserves	**3,255,967**	2,243,885
	17,860,386	16,848,304

9. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

The associated companies are as follows:-

Name of Company	Country of Incorporation	Principal Activities	Effective Indirect Equity Interest 2010	2009
Held through Dreamland Spring Sdn. Bhd.				
Dreamland Dalian Pte. Ltd.	The People's Republic of China	Manufacture and marketing of spring mattresses and wooden furniture	**40%**	40%
Dreamland Jiujiang Pte. Ltd.	The People's Republic of China	Dormant	**41.6%**	41.6%
Dreamland Lianyungang Pte. Ltd.	The People's Republic of China	Dormant	**40%**	40%
Dreamland Shanghai Pte. Ltd.	The People's Republic of China	Manufacture and marketing of spring mattresses	**40%**	40%
Dreamland Tianjin Pte. Ltd.	The People's Republic of China	Manufacture and marketing of spring mattresses, metal furniture and leather furniture	**40%**	40%
Held through Kanzen Energy Ventures Sdn. Bhd.				
Jiangyin Binjiang Power Supply Co. Ltd.	The People's Republic of China	Supply of electricity and steam	**16.5%**	16.5%
Jiangyin Chengdong Power Supply Co. Ltd.	The People's Republic of China	Supply of electricity and steam	**16.5%**	16.5%

(a) The Group equity accounts for its share of post-acquisition reserves of the associated companies based on the audited financial statements for the financial period ended 30 June 2010.

(b) The Group has ceased to equity account its share of losses of the associated companies, Dreamland Jiujiang Pte. Ltd. and Dreamland Lianyungang Pte. Ltd., from the financial statements as the carrying amount of these investments have reached nil. The results not recognised are as follows:-

	Group 2010 RM	2009 RM
Loss for the year	**218**	223
Accumulated losses	**231,973**	231,755

9. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

(c) The summarised financial information of the associated companies not adjusted for the proportion of ownership interest held by the Group, are as follows:-

	Group	
	2010	2009
	RM	RM
Total assets	**137,400,680**	149,047,282
Total liabilities	**70,323,325**	78,634,226
Revenue	**145,273,433**	128,276,634
Net profit for the year	**9,887,037**	6,739,981

10. OTHER INVESTMENTS

	Group/Company	
	2010	2009
	RM	RM
Unquoted shares in Malaysia		
At cost	**60,200**	60,200
Less: Accumulated impairment losses	**(19,190)**	(19,190)
Net carrying amount	**41,010**	41,010

11. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2010	2009
	RM	RM
Deferred tax assets		
At beginning of the year	**7,372,000**	1,458,100
Recognised in income statement (note 32)	**347,000**	5,922,000
Disposal of a subsidiary company (note 36)	**-**	(8,100)
At end of the year	**7,719,000**	7,372,000
Deferred tax liabilities		
At beginning of the year	**(1,880,000)**	(6,371,000)
Recognised in income statement (note 32)	**(742,000)**	4,491,000
At end of the year	**(2,622,000)**	(1,880,000)

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

This is in respect of estimated deferred tax assets/(liabilities) arising from the following temporary differences:-

	Group	
	2010	2009
	RM	RM
Deferred tax assets		
Difference between the carrying amounts of property, plant and equipment and their tax base	**(2,893,700)**	(3,710,300)
Unabsorbed capital allowances	**1,917,700**	2,159,500
Unrelieved tax losses	**8,113,000**	6,806,900
Deductible temporary differences arising from expenses	**582,000**	2,115,900
	7,719,000	7,372,000

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

This is in respect of estimated deferred tax assets/(liabilities) arising from the following temporary differences:- (cont'd)

	Group	
	2010	2009
	RM	RM
Deferred tax liabilities		
Difference between the carrying amounts of property, plant and equipment and their tax base	**(396,288)**	(478,260)
Difference between the carrying amounts of industrial building and their tax base	**(1,274,600)**	(1,209,700)
Unabsorbed capital allowances	**-**	161,100
Unrelieved tax losses	**2,786,100**	3,430,700
Deductible temporary differences arising from expenses	**169,144**	207,140
Surplus arising from revaluation of leasehold land and buildings	**(3,906,356)**	(3,990,980)
	(2,622,000)	(1,880,000)

The deferred tax assets recognised in the financial statements is in respect of unrelieved tax losses and unabsorbed capital allowances which can be utilised to set-off against probable future taxable income based on profit forecast for the next five financial years.

The estimated amount of temporary differences for which no deferred tax assets is recognised in the financial statements are as follows:-

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Difference between the carrying amounts of property, plant and equipment and their tax base	**120**	120	**120**	120
Unrelieved tax losses	**5,388,000**	6,036,700	**-**	-
Unabsorbed capital allowances	**1,480,500**	1,791,000	**-**	-
Unutilised reinvestment allowances	**1,152,000**	1,129,000	**-**	-
	8,020,620	8,956,820	**120**	120

These deferred tax assets are not recognised as it is not probable that taxable profits will be available against which the temporary differences can be utilised.

12. AMOUNT OWING BY A RELATED PARTY

	Group	
	2010	2009
	RM	RM
Non-Current Assets	**13,373,382**	19,873,382
Current Assets - other receivables (note 16)	**16,412,056**	7,835,152

This relates to amount owing by a corporation in which certain Directors have interest in relation to the disposal of a subsidiary company. This amount is unsecured, repayable on a deferred basis and bears effective interest at a rate of 8.25% (2009 : 6.75%) per annum.

On 8 December 2009, the Company announced that, in relation to the Proposed Disposal of its 60% equity interest in Beribu Ukiran Sdn. Bhd. ("BUSB") to KCB, DHSB had requested the Second Payment of RM6,500,000 and interest which was due on 6 October 2009 to be made on 6 October 2010. Subject to the terms of the Proposed Novation which provides for the additional 1.50% per annum interest payable by DHSB calculated on monthly rest basis on the outstanding amount owing to the Company for late payment up to the date of settlement, the Company agree to DHSB's request. For purposes of clarity, the interest chargeable shall thus be 8.25% per annum.

13. PROPERTY DEVELOPMENT COSTS

	Group	
	2010	2009
	RM	RM
At cost,		
Leasehold land	**-**	4,778,456
Development costs		
At beginning of the year	**-**	45,225,046
Additions during the year	**-**	5,448
At end of the year	**-**	45,230,494
Leasehold land and development costs carried down	**-**	50,008,950

13. PROPERTY DEVELOPMENT COSTS (CONT'D)

	Group 2010 RM	2009 RM
Leasehold land and development costs brought down	-	50,008,950
Less: Cost recognised as an expense in income statement		
- previous years	-	(37,998,089)
- during the year	-	(1,655,905)
	-	(39,653,994)
	-	10,354,956
Disposal of a subsidiary company (note 36)	-	(10,354,956)
	-	-

Prior to the disposal, the land measuring 13.47 acres was part of a portion of the leasehold land measuring 127.64 acres in the District of Kota Kinabalu, Sabah as mentioned in note 7.

14. INVENTORIES

	Group 2010 RM	2009 RM
At cost,		
Finished goods	**37,642,716**	22,909,961
Raw materials	**26,894,985**	14,370,536
Work-in-progress	**8,059,567**	8,535,434
Goods-in-transit	-	2,291,613
Spare parts and consumables	**419,006**	450,175
	73,016,274	48,557,719
At net realisable value,		
Finished goods	-	462,079
Raw materials	**432,260**	137,701
	432,260	599,780
	73,448,534	49,157,499

The reversal of inventories written down was made during the year when the related inventories were sold above their carrying amount (note 31(b)).

15. TRADE RECEIVABLES

	Group	
	2010	2009
	RM	RM
Trade receivables	**42,705,568**	38,927,196
Less: Allowance for doubtful debts	**(2,126,879)**	(3,406,969)
	40,578,689	35,520,227

During the financial year, the Group wrote off bad debts of RM1,197,038 (2009 : RM192,460) against allowance for doubtful debts.

The Group's normal trade credit term ranges from 30 to 120 days.

The foreign currency exposure profile is as follows:-

	← Functional Currencies of Group		→
	Ringgit Malaysia	Chinese Renminbi	Total
	RM	RM	RM
2010			
British Pound	**676,712**	**-**	**676,712**
Euro	**26,844**	**-**	**26,844**
Singapore Dollar	**1,191,361**	**-**	**1,191,361**
United States Dollar	**7,634,972**	**1,016,544**	**8,651,516**
	9,529,889	**1,016,544**	**10,546,433**
2009			
British Pound	447,279	-	447,279
Euro	34,352	-	34,352
Singapore Dollar	902,392	-	902,392
United States Dollar	3,118,778	369,878	3,488,656
	4,502,801	369,878	4,872,679

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Other receivables	**17,557,212**	9,335,483	**16,432,556**	7,837,700
Sundry deposits	**819,848**	2,315,643	**74,222**	75,222
Prepayments	**889,904**	725,133	**40,535**	36,711
	19,266,964	12,376,259	**16,547,313**	7,949,633

Included in other receivables of the Group and of the Company is an amount of RM16,412,056 (2009 : RM7,835,152) owing by a corporation in which certain Directors have interest in relation to the disposal of a subsidiary company. This amount is unsecured and bears effective interest at a rate of 8.25% (2009 : 6.75%) per annum as disclosed in note 12.

Included in other receivables of the Group is a foreign currency exposure to United States Dollar amounting to RM3,585 (2009 : Nil).

17. TAX ASSETS

This is in respect of tax instalments paid in advance and tax recoverable from Inland Revenue Board.

18. AMOUNTS OWING BY/(TO) SUBSIDIARY COMPANIES

	Company	
	2010	2009
	RM	RM
Amount owing by subsidiary companies	**74,263,210**	68,385,392
Less: Allowance for doubtful debts	**(11,332,769)**	(11,332,769)
	62,930,441	57,052,623

These amounts owing by/(to) subsidiary companies are non-trade in nature, unsecured, interest free and repayable on demand by cash.

19. AMOUNTS OWING BY ASSOCIATED COMPANIES

	Group	
	2010	2009
	RM	RM
Amounts owing by associated companies	**3,439,529**	2,784,131
Less: Allowance for doubtful debts	**(52,977)**	(52,977)
	3,386,552	2,731,154

These amounts are non-trade in nature, unsecured, interest free and repayable on demand by cash.

The foreign currency exposure profile is as follows:-

	Group	
	2010	2009
	RM	RM
United States Dollar	**3,109**	3,356
Chinese Renminbi	**3,383,443**	2,727,798
	3,386,552	2,731,154

20. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

Included in deposits with licensed financial institutions of the Group is an amount of RM2,035,000 (2009 : RM2,035,000) pledged to a licensed bank as securities for banking facilities granted to subsidiary companies.

The deposits of the Group and of the Company bear effective interest at rates ranging from 0.25% to 4.00% (2009 : 0.03% to 2.00%) and 2.30% to 2.55% (2009 : 1.10% to 2.00%) per annum respectively.

Included in deposits of the Group is a foreign currency exposure to United States Dollar amounting to RM7,388,440 (2009 : RM6,184,290).

21. SHARE CAPITAL

	Group/Company	
	2010	2009
	RM	RM
Authorised:		
200,000,000 ordinary shares of RM1 each	**200,000,000**	200,000,000
Issued and fully paid:		
85,162,500 ordinary shares of RM1 each	**85,162,500**	85,162,500

The number of issued and fully paid ordinary shares with voting rights as at the financial year end are as follows:-

	Group/Company	
	2010	2009
	Number of shares	
Issued and fully paid ordinary shares of RM1 each		
Total number of issued and fully paid ordinary shares	**85,162,500**	85,162,500
Less: Ordinary shares held as treasury shares (note 22)	**(1,279,700)**	(1,279,700)
	83,882,800	83,882,800

22. RESERVES

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Distributable				
Retained earnings	**65,477,122**	54,742,930	**21,236,752**	17,304,154
Non-distributable				
Share premium	**28,989,335**	28,989,335	**28,989,335**	28,989,335
Translation reserve	**2,740,646**	1,890,771	**-**	-
Reserves of subsidiary companies*	**272,153**	242,123	**-**	-
	32,002,134	31,122,229	**28,989,335**	28,989,335
Treasury shares	**(1,225,544)**	(1,225,544)	**(1,225,544)**	(1,225,544)
	96,253,712	84,639,615	**49,000,543**	45,067,945

* The reserves of the subsidiary companies incorporated in The People's Republic of China are maintained in accordance with the regulatory requirements and are not distributable as cash dividends.

	Group/Company			
	Number of Shares	**2010 RM**	Number of Shares	2009 RM
Treasury Shares				
Shares repurchased				
At beginning and end of the year	**1,279,700**	**1,225,544**	1,279,700	1,225,544

There were no shares repurchased during the financial year.

No resale, cancellation or distribution of treasury shares were made during the financial year.

23. TERM LOANS

	Group 2010 RM	Group 2009 RM
Secured:		
Current Liabilities		
Repayable within 1 year (note 28)	**1,984,587**	3,041,444
Non-Current Liabilities		
Repayable after 1 year but not later than 2 years	**1,045,463**	3,169,473
Repayable after 2 years but not later than 3 years	**-**	1,341,684
	1,045,463	4,511,157
	3,030,050	7,552,601

The term loans of the Group bear effective interest at a rate of 7.00% (2009 : rates ranging from 6.50% to 7.30%) per annum and are secured as follows:-

(a) a fixed charge on plant and machinery as disclosed in note 4; and

(b) corporate guarantee from the Company.

24. HIRE PURCHASE PAYABLE

	Group 2010 RM	Group 2009 RM
Total instalment payables	**41,152**	63,604
Less: Future finance charges	**(1,694)**	(3,983)
Total present value of hire purchase liability	**39,458**	59,621
Current Liabilities		
Payable within 1 year		
Total instalment payables	**22,452**	22,452
Less: Future finance charges	**(1,326)**	(2,289)
Present value of hire purchase liability (note 28)	**21,126**	20,163

24. HIRE PURCHASE PAYABLE (CONT'D)

	Group	
	2010	2009
	RM	RM
Non-Current Liabilities		
Payable after 1 year but not later than 5 years		
Total instalment payables	**18,700**	41,152
Less: Future finance charges	**(368)**	(1,694)
Present value of hire purchase liability	**18,332**	39,458
Total present value of hire purchase liability	**39,458**	59,621

The maturity profile of the hire purchase payable is as follows:-

	Group	
	2010	2009
	RM	RM
Payable within 1 year	**21,126**	20,163
Payable after 1 year but not later than 2 years	**18,332**	21,126
Payable after 2 years but not later than 3 years	**-**	18,332
	39,458	59,621

The hire purchase payable bear effective interest at a rate of 4.64% (2009 : 4.64%) per annum.

25. TRADE PAYABLES

The normal trade credit term granted by trade payables to the Group ranges from 30 to 120 days.

The foreign currency exposure profile is as follows:-

	Group	
	2010	2009
	RM	RM
Euro	**13,848**	-
British Pound	**17,521**	-
	31,369	-

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Other payables	**6,535,443**	4,176,880	**407,975**	99,530
Deposits received	**22,000**	22,000	**-**	-
Accruals	**7,977,307**	6,875,825	**172,812**	158,679
	14,534,750	11,074,705	**580,787**	258,209

Included in other payables:-

(a) of the Group and of the Company are amounts of RM33,242 (2009 : RM33,242) and RM17,020 (2009 : RM17,020) respectively due to a corporation in which certain directors have interest; and

(b) of the Group is an amount of RM5,508 (2009 : RM20,863) due to corporate shareholders of subsidiary companies.

These amounts are unsecured, interest free and repayable on demand by cash.

The foreign currency exposure profile is as follows:-

	← Functional Currencies of Group →		
	Ringgit Malaysia RM	Chinese Renminbi RM	Total RM
2010			
United States Dollar	**5,864**	**66,243**	**72,107**
Chinese Renminbi	**23,610**	**-**	**23,610**
	29,474	**66,243**	**95,717**
2009			
United States Dollar	15,355	39,529	54,884

27. PROVISION

The Group previously entered into a structured foreign exchange contract to hedge its United States Dollar ("USD") sales and to limit exposure to potential changes in foreign exchange rate with respect to USD estimated receipts. The structured foreign exchange contract was regarded by management as onerous as the expected economic benefits from the underlying transactions hedged were lower than the marked-to-market losses of the structured foreign exchange contract using listed market prices.

	Group	
	2010	2009
	RM	RM
At beginning of the year	**6,300,000**	3,018,000
(Reversal)/Provision made	**(1,522,724)**	3,282,000
Utilisation	**(4,777,276)**	-
At end of the year	**-**	6,300,000

28. OTHER BORROWINGS

	Group	
	2010	2009
	RM	RM
Secured		
Hire purchase payable (note 24)	**21,126**	20,163
Term loans (note 23)	**1,984,587**	3,041,444
	2,005,713	3,061,607
Unsecured		
Trade financing facilities	**45,019,040**	29,773,244
	47,024,753	32,834,851

The unsecured trade financing facilities bear interest at rates ranging from 3.21% to 4.44% (2009 : 3.06% to 5.11%) per annum and are supported by corporate guarantee from the Company and a subsidiary company. The interest rates, securities and repayment terms of the term loans of the Group are disclosed in note 23.

29. REVENUE

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Sale of goods	**218,093,970**	320,551,979	**-**	-
Dividend revenue	**-**	-	**2,678,572**	22,525,000
	218,093,970	320,551,979	**2,678,572**	22,525,000

30. DIRECT OPERATING COSTS

	Group	
	2010	2009
	RM	RM
Costs of goods sold	**184,494,406**	342,140,790
Others	**82,906**	68,835
	184,577,312	342,209,625

31. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is arrived at after charging/(crediting):-

(a) Directors' remuneration

Executive Directors

Tan Sri Dr. Chen Lip Keong
Puan Sri Lee Chou Sarn
Chen Yiy Hwuan
Chen Yiy Fon

Non-Executive Directors

Tan Sri Dato' Sulaiman bin Sujak
Dato' Dr. Abdul Razak bin Abdul
Datuk Wan Kassim bin Ahmed
Lim Mun Kee

31. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

Profit/(Loss) before taxation is arrived at after charging/(crediting):- (cont'd)

(a) Directors' remuneration (cont'd)

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Directors' fees				
- Non-Executive Directors	**216,000**	213,000	**216,000**	213,000
Other emoluments consist of salary, bonus, employees provident fund and allowances				
- Executive Directors	**880,184**	1,308,697	**-**	-
Benefits-in-kind				
- estimated monetary value of other benefits				
- Executive Directors	**42,200**	57,688	**-**	-

(b) Other items

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Allowance for doubtful debts	**126,905**	820,204	**-**	11,132,769
Amortisation of prepaid land lease payments	**208,702**	208,702	**-**	-
Auditors' remuneration	**185,469**	179,314	**15,000**	15,000
Bad debts written off	**-**	44,540	**-**	-
Depreciation of property, plant and equipment	**5,004,063**	6,208,886	**5,251**	6,482
Impairment loss on property, plant and equipment (included in other operating costs)	**-**	746,598	**-**	-
Interest expense	**1,803,843**	4,256,752	**-**	-
Inventories written off	**23,735**	-	**-**	-
Write down of inventories	**28,963**	44,316,176	**-**	-
Net loss/(gain) on foreign exchange				
- realised	**(22,031)**	9,322,088	**-**	-
- unrealised	**1,283,726**	(1,147,958)	**665**	(838,366)
Property, plant and equipment written off	**11,570**	1,743	**-**	-
Provision for losses on structured foreign exchange contract	**-**	3,282,000	**-**	-

31. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

Profit/(Loss) before taxation is arrived at after charging/(crediting):- (cont'd)

(b) Other items (cont'd)

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Rental expenses				
- equipment	**22,050**	27,530	**-**	-
- premises	**1,115,056**	1,148,781	**15,325**	14,400
Employee benefits expense (note (i))	**24,838,863**	24,699,314	**47,707**	38,670
Gain on disposal of property, plant and equipment	**(1,075,779)**	(51,854)	**-**	-
Gain on disposal of a subsidiary company	**-**	(5,042,458)	**-**	(2,559,854)
Reversal of allowance for doubtful debts	**(209,957)**	(310,376)	**-**	-
Bad debts recovered	**-**	(1,000)	**-**	-
Interest income				
- related party	**(2,076,904)**	(1,335,152)	**(2,076,904)**	(1,335,152)
- others	**(597,865)**	(560,435)	**(204,314)**	(205,922)
Negative goodwill arising from acquisition of shares from minority interest	**(778,705)**	-	**-**	-
Rental income	**-**	(6,869)	**-**	-
Reversal of inventories written down	**(436,974)**	(147,028)	**-**	-
Reversal of provision for losses on structured foreign exchange contract	**(1,522,724)**	-	**-**	-

(i) Included in employee benefits expense is:-

Contribution to defined contribution plan	**1,882,532**	1,939,147	**4,332**	4,349

32. TAXATION

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Based on results for the year	**3,439,438**	(4,644,224)	**478,000**	-
Deferred tax relating to origination and reversal of temporary differences (note 11)				
Deferred tax assets	**(347,000)**	(5,922,000)	**-**	-
Deferred tax liabilities	**742,000**	(4,491,000)	**-**	-
	395,000	(10,413,000)	**-**	-
	3,834,438	(15,057,224)	**478,000**	-
Discontinued operation (note 33)	**-**	(40,160)	**-**	-
Overprovision in prior year	**(576,467)**	(5,065)	**(357,614)**	(1,581)
Tax expense/(credit)	**3,257,971**	(15,102,449)	**120,386**	(1,581)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the year.

The reconciliations from the tax amount at statutory tax rate to the Group's and the Company's tax expense are as follows:-

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Profit/(Loss) before taxation	**16,748,009**	(53,814,566)	**4,052,984**	15,359,266
Taxation at Malaysian statutory tax rate at 25%	**4,187,000**	(13,453,600)	**1,013,200**	3,839,800
Effect of different tax rates in foreign jurisdiction	**400**	(5,900)	**-**	-
Tax effect of non-taxable income	**(370,600)**	(1,771,300)	**(669,600)**	(2,441,400)
Tax effect of non-deductible expenses	**954,524**	652,519	**199,400**	2,966,000
Share of tax of associated companies	**(782,600)**	(500,300)	**-**	-
Double deduction incentives	**(19,300)**	(42,600)	**-**	-
Deferred tax assets not recognised during the year	**9,500**	189,000	**-**	-
Utilisation of current year's tax losses under group relief	**-**	-	**(65,000)**	(4,364,400)
Balance carried down	**3,978,924**	(14,932,181)	**478,000**	-

32. TAXATION (CONT'D)

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Balance brought down	**3,978,924**	(14,932,181)	**478,000**	-
Utilisation of deferred tax assets previously not recognised	**(124,250)**	(20,400)	**-**	-
Deferred tax liabilities overprovided in prior year	**(1,455,200)**	(144,190)	**-**	-
Withholding tax in a foreign jurisdiction	**63,695**	-	**-**	-
Tax credit overstated in prior year	**1,460,606**	-	**-**	-
Overprovision of income tax in prior years	**(576,402)**	(5,065)	**(357,614)**	(1,581)
Reversal of deferred tax recognised for liquidated subsidiary	**(89,600)**	-	**-**	-
Others	**198**	(613)	**-**	-
Tax expense/(credit)	**3,257,971**	(15,102,449)	**120,386**	(1,581)

Included in the tax expense of the Company is tax savings amounting to RM65,000 (2009 : RM4,364,400) from utilisation of current year's tax losses under group relief.

The Company has tax exempt income available for distribution by way of tax exempt dividend of approximately RM10,254,000 (2009 : RM10,254,000).

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 30 June 2010 and 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 June 2010, the Company has sufficient credit in the 108 balance to pay franked dividends amounting to RM13,880,000 (2009 : RM13,880,000) out of its retained earnings. If the balance of the retained earnings of RM7,356,000 (2009 : RM3,424,000) were to be distributed as dividends, the Company may distribute such dividend under the single tier system.

33. DISCONTINUED OPERATION

In the previous financial year, the Company announced on 7 August 2008 the decision to dispose its subsidiary company, BUSB, which is involved in the property development. The results from this subsidiary company was presented separately on the consolidated income statement as discontinued operation. The disposal of BUSB was completed by the Company on 7 October 2008.

(a) The results of the discontinued operation was as follows:-

	Group	
	2010	2009
	RM	RM
Revenue	-	1,857,632
Direct operating costs	-	(1,655,905)
Gross profit	-	201,727
Other operating income	-	3,820
Administrative costs	-	(4,747)
Profit before taxation from a discontinued operation	-	200,800
Taxation (note 32)	-	(40,160)
Profit for the year from a discontinued operation	-	160,640
Attributable to:-		
Equity holders of the Company	-	96,384
Minority interest	-	64,256
	-	160,640

The following amount had been included in arriving at profit before taxation of the discontinued operation:-

	Group	
	2010	2009
	RM	RM
Interest income	-	(1,345)

(b) The cash flows attributable to the discontinued operation was as follows:-

	Group	
	2010	2009
	RM	RM
Operating cash flows	-	(365,057)

34. EARNINGS/(LOSS) PER SHARE

The earnings/(loss) per share are calculated by dividing the profit/(loss) for the year attributable to equity holders of the Company by the number of ordinary shares in issue during the financial year. Diluted earnings per share are not disclosed as the Group does not have any dilutive instrument.

	Group	
	2010	2009
	RM	RM
Profit/(Loss) from continuing operations attributable to equity holders of the Company	**10,764,222**	(36,819,240)
Profit from a discontinued operation attributable to equity holders of the Company	**-**	96,384
Profit/(Loss) attributable to equity holders of the Company	**10,764,222**	(36,722,856)

	Group	
	2010	2009
Number of ordinary shares in issue	**83,882,800**	83,882,800

	Group	
	2010	2009
	sen	sen
Basic earnings/(loss) per share for:-		
Profit/(Loss) from continuing operations	**12.83**	(43.89)
Profit from a discontinued operation	**-**	0.11
Profit/(Loss) for the year	**12.83**	(43.78)

35. DIVIDENDS

	Dividends in respect of financial year		Dividends recognised in financial year	
	2009	2008	**2010**	2009
	RM	RM	**RM**	RM
Final dividend of 2% less 25% taxation on 83,882,800 ordinary shares (1.5 sen per ordinary share)	-	1,258,242	**-**	1,258,242

The Directors recommend a 4% gross final dividend less 25% taxation per ordinary share of RM1 each amounting to RM2,516,484 in respect of the current financial year ended 30 June 2010, subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2011.

36. DISPOSAL OF A SUBSIDIARY COMPANY

In the previous financial year, the Company completed the disposal of its entire 60% equity in its subsidiary company, BUSB, which was involved in the property development for a sale consideration of RM3,160,934 on 7 October 2008.

(a) The effect of the disposal on the consolidated financial position of the Group as at the date of disposal was as follows:-

	Group	
	2010	2009
	RM	RM
Land held for property development (note 7)	-	54,898,558
Deferred tax asset (note 11)	-	8,100
Property development costs (note 13)	-	10,354,956
Trade and other receivables	-	12,420,488
Deposit, cash and bank balances	-	1,052,156
Trade and other payables	-	(40,274,452)
Amount owing to holding company	-	(33,373,444)
Amount owing to a related company	-	(2,698)
Taxation	-	(660,775)
Net assets disposed of	-	4,422,889
Less: Minority interest	-	(1,769,156)
Share of net assets disposed of	-	2,653,733
Less: Realisation of interest income (note 7)	-	(4,535,257)
Gain on disposal of a subsidiary company	-	5,042,458
Net proceed from disposal of a subsidiary company	-	3,160,934
Less: Deposit, cash and bank balances of a subsidiary company disposed of	-	(1,052,156)
Effect of disposal of a subsidiary company, net of cash disposed	-	2,108,778

(b) The disposal had the following effect on the financial results of the Group:-

	Group	
	2010	2009
	RM	RM
Total disposal proceed	-	3,160,934
Less: Share of net assets disposed of	-	(2,653,733)
Add: Realisation of interest income	-	4,535,257
Gain on disposal of a subsidiary company	-	5,042,458

37. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Cash and bank balances	**9,106,230**	6,687,460	**4,166,628**	81,765
Deposits with licensed financial institutions	**28,808,142**	34,831,356	**12,881,167**	14,003,535
	37,914,372	41,518,816	**17,047,795**	14,085,300

Deposit with a licensed financial institution which is not freely available for the Group's use is as disclosed in note 20.

The cash and bank balances bear effective interest at rates ranging from 0.01% to 0.72% (2009 : 0.01% to 0.72%) per annum.

The foreign currency exposure profile is as follows:-

	Functional Currencies of Group			
	Ringgit Malaysia	Chinese Renminbi	Hong Kong Dollar	Total
	RM	RM	RM	RM
2010				
Singapore Dollar	**2,019**	**-**	**-**	**2,019**
United States Dollar	**7,511,340**	**4,471**	**137,304**	**7,653,115**
Chinese Renminbi	**2,634**	**-**	**-**	**2,634**
Others	**12,746**	**-**	**-**	**12,746**
	7,528,739	**4,471**	**137,304**	**7,670,514**
2009				
Singapore Dollar	1,968	-	-	1,968
United States Dollar	6,659,556	19,975	158,099	6,837,630
Chinese Renminbi	5,309	-	-	5,309
Others	9,613	-	-	9,613
	6,676,446	19,975	158,099	6,854,520

37. CASH AND CASH EQUIVALENTS (CONT'D)

The foreign currency exposure profile is as follows:- (cont'd)

	Company	
	2010	2009
	RM	RM
United States Dollar	**8,373**	9,038
Chinese Renminbi	**2,634**	5,309
	11,007	14,347

38. CONTINGENT LIABILITIES

	Company	
	2010	2009
	RM	RM
Unsecured		
In respect of corporate guarantees for banking facilities granted to subsidiary companies	**68,389,000**	52,856,000

39. CAPITAL COMMITMENTS

	Group	
	2010	2009
	RM	RM
Capital expenditure		
- Approved but not contracted for	**10,846,000**	3,797,900
- Approved and contracted for	**-**	263,482
	10,846,000	4,061,382

40. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. The Group has a related party relationship with its subsidiary companies, associated companies, Directors, key management personnel and companies in which certain Directors have interest.

(b) Significant intra-group transactions are as follows:-

	Company	
	2010	2009
	RM	RM
Trade		
Dividend revenue received from subsidiary companies	**(2,678,572)**	(22,525,000)
Non-Trade		
Secretarial fees paid to a subsidiary company	**24,000**	24,000
Acquisition of a subsidiary company from a subsidiary company	**-**	1,315,000
Interest income receivable from a related party	**(2,076,904)**	(1,335,152)

(c) Information regarding outstanding balances arising from related party transactions as at 30 June 2010 are disclosed in notes 12, 16, 18, 19 and 26.

(d) Compensation of key management personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any Executive Director of the Group.

The remunerations of the key management are as follows:-

	Group	
	2010	2009
	RM	RM
Short-term employees benefits	**832,424**	1,218,493
Post-employment benefits	**47,760**	90,204
Estimated monetary value of benefits-in-kind	**42,200**	57,688
	922,384	1,366,385

41. SEGMENT INFORMATION - GROUP

For management purposes, the Group's business is presented in respect of the Group's business and geographical segments.

Segment revenue, expenses, assets and liabilities are those amounts from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established under negotiated terms.

Business Segments

The Group comprises the following three reportable operating segments:-

(i) Steel manufacturing - manufacturing of stainless steel welded pipes and butt-weld fittings and carbon steel pipes and providing slitting services.

(ii) Bedding - manufacturing and marketing of mattresses, bedding related products and furniture.

(iii) Other operations - investment holding, provision of management and secretarial services, manufacturing and marketing of steel wire and supply of electricity and steam.

Geographical Segments

The Group operates in two principal geographical areas of the world:-

(i) Malaysia - manufacturing of stainless steel welded pipes and butt-weld fittings and carbon steel pipes, providing slitting services, mattresses, bedding related products, investment holding, provision of management and secretarial services.

(ii) The People's Republic of China - manufacturing of mattresses, bedding related products, furniture, steel wire and supply of electricity and steam.

41. SEGMENT INFORMATION - GROUP (CONT'D)

	Steel Manufacturing RM	Bedding RM	Other Operations RM	Eliminations RM	Consolidated RM
2010					
Revenue					
External revenue	160,211,508	40,037,016	17,845,446	-	218,093,970
Inter-segment revenue (note 41(b))	-	-	82,000	(82,000)	-
Total revenue	160,211,508	40,037,016	17,927,446	(82,000)	218,093,970
Result					
Interest income	165,364	96,073	2,413,332	-	2,674,769
Interest expense	1,732,545	-	71,298	-	1,803,843
Depreciation and amortisation	4,601,768	543,812	67,185	-	5,212,765
Share of associated companies results after tax	-	-	3,130,327	-	3,130,327
Other non-cash expenses (note 41(c))	1,769	189,404	-	-	191,173
Segment profit before taxation	8,306,568	4,129,732	4,311,709	-	16,748,009
Tax expense	597,600	1,109,341	1,551,030	-	3,257,971
Assets					
Investment in associated companies	-	-	17,860,386	-	17,860,386
Addition to non-current assets (note 41(d))	1,951,857	517,923	-	-	2,469,780
Segment assets	169,423,313	27,078,637	78,753,285	-	275,255,235
Segment liabilities	60,363,651	11,495,853	3,238,834	-	75,098,338

41. SEGMENT INFORMATION - GROUP (CONT'D)

	Continuing Operations					Discontinued Operation	
	Steel Manufacturing RM	Bedding RM	Other Operations RM	Eliminations RM	Consolidated RM	Property Development RM	Consolidated RM
2009							
Revenue							
External revenue	257,536,404	47,061,316	15,954,259	-	320,551,979	1,857,632	322,409,611
Inter-segment revenue (note 41(b))	-	-	82,000	(82,000)	-	-	-
Total revenue	257,536,404	47,061,316	16,036,259	(82,000)	320,551,979	1,857,632	322,409,611
Result							
Interest income	188,143	98,788	1,608,656	-	1,895,587	1,345	1,896,932
Interest expense	4,165,603	-	91,149	-	4,256,752	-	4,256,752
Depreciation and amortisation	5,616,834	717,163	83,591	-	6,417,588	-	6,417,588
Share of associated companies results after tax	-	-	2,000,999	-	2,000,999	-	2,000,999
Other non-cash expenses (note 41(c))	47,814,009	1,397,252	-	-	49,211,261	-	49,211,261
Segment (loss)/ profit before taxation	(64,698,090)	1,784,857	9,098,667	-	(53,814,566)	200,800	(53,613,766)
Tax (credit)/expense	(10,337,252)	636,138	(5,401,335)	-	(15,102,449)	40,160	(15,062,289)
Assets							
Investment in associated companies	-	-	16,848,304	-	16,848,304	-	16,848,304
Addition to non-current assets (note 41(d))	1,111,079	286,951	84,582	-	1,482,612	-	1,482,612
Segment assets	154,510,253	32,270,971	72,032,854	-	258,814,078	-	258,814,078
Segment liabilities	49,958,046	12,426,365	2,598,550	-	64,982,961	-	64,982,961

41. SEGMENT INFORMATION - GROUP (CONT'D)

(a) In the previous financial year, the amounts relating to the property development segment had been excluded to arrive at amounts shown in the consolidated income statement as they were presented separately in the income statement within one line item, "profit from a discontinued operation, net of tax".

(b) Inter-segment revenues are eliminated on consolidation.

(c) Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:-

	2010	2009
	RM	RM
Allowance for doubtful debts	**126,905**	820,204
Bad debts written off	**-**	44,540
Impairment loss on property, plant and equipment	**-**	746,598
Inventories written off	**23,735**	-
Property, plant and equipment written off	**11,570**	1,743
Provision for losses on structured foreign exchange contract	**-**	3,282,000
Write down of inventories	**28,963**	44,316,176
	191,173	49,211,261

(d) Additions to non-current assets consist of:-

	2010	2009
	RM	RM
Property, plant and equipment	**2,455,530**	1,416,741
Capital work-in-progress	**14,250**	65,871
	2,469,780	1,482,612

41. SEGMENT INFORMATION - GROUP (CONT'D)

Geographical Information

Revenue information based on geographical location of its customers:-

	Continuing Operations		Discontinued Operation		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	RM	RM	**RM**	RM	**RM**	RM
Malaysia	**118,761,820**	143,219,387	**-**	1,857,632	**118,761,820**	145,077,019
Africa	**2,126,617**	2,464,079	**-**	-	**2,126,617**	2,464,079
Asia	**42,690,453**	43,850,440	**-**	-	**42,690,453**	43,850,440
Australia & New Zealand	**8,965,312**	7,860,896	**-**	-	**8,965,312**	7,860,896
Europe	**6,152,985**	10,188,740	**-**	-	**6,152,985**	10,188,740
North America	**38,353,453**	111,028,256	**-**	-	**38,353,453**	111,028,256
South America	**1,043,330**	1,940,181	**-**	-	**1,043,330**	1,940,181
	218,093,970	320,551,979	**-**	1,857,632	**218,093,970**	322,409,611

Non-current assets information based on geographical location:-

	2010	2009
	RM	RM
Malaysia	**58,290,200**	64,210,555
Asia	**2,273,217**	2,471,489
	60,563,417	66,682,044

Non-current assets information presented above consist of the following items as presented in the consolidated balance sheet.

	2010	2009
	RM	RM
Property, plant and equipment	**44,956,605**	50,814,909
Prepaid land lease payments	**15,592,562**	15,801,264
Capital work-in-progress	**14,250**	65,871
	60,563,417	66,682,044

Information About A Major Customer

Revenue from one major customer amount to RM21,154,000 (2009 : RM45,383,000), arising from sales by the steel manufacturing segment.

42. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure optimal allocation of financial resources for the development of the Group's businesses whilst managing its risks.

The main risks and corresponding management policies arising from the Group and the Company's normal course of business are as follows:-

i. Foreign Exchange Risk

Certain foreign exchange exposures are hedged with forward foreign exchange contracts to limit exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies.

As at balance sheet date, the Group has entered into forward foreign exchange contracts with the following notional amounts and maturities:-

Hedged Item	Currency	Average Contract Rate RM	Total Notional Amounts RM	Maturity Within 1 Year RM
Group				
2010				
Export sales	British Pound	**4.8922**	**676,712**	**676,712**
Export sales	Singapore Dollar	**2.3198**	**1,191,361**	**1,191,361**
Export sales	United States Dollar	**3.2438**	**7,634,972**	**7,634,972**
Export sales	Euro	**3.9685**	**26,844**	**26,844**
2009				
Export sales	British Pound	5.3464	447,280	447,280
Export sales	Singapore Dollar	2.3969	901,601	901,601
Export sales	United States Dollar	3.5190	1,684,197	1,684,197
Export sales	Euro	4.9333	34,222	34,222

The net unrecognised loss as at 30 June 2010 on forward contracts used to hedge foreign currency sales are as follows:-

	Group	
	2010 **RM**	2009 RM
Net unrecognised gain/(loss)	**1,935**	(9,845)

42. FINANCIAL INSTRUMENTS (CONT'D)

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

ii. Structured foreign exchange contract in previous financial year was as follows:-

Description	Notional Amount	Effective Period
Group		
2009		
USD/RM Sale Target Redemption Forward	USD21.0 million	July 2009 to April 2010

It was entered into as hedges for USD sales and purchases and to limit the exposure to potential changes in foreign exchange rate with respect to USD estimated receipts and payments. The expected losses on structured foreign exchange contract is recognised as a provision as disclosed in note 27.

iii. Interest Rate Risk

The Group's exposure to interest rate risk relates to interest bearing financial liabilities and financial assets. Interest bearing financial liabilities comprise hire purchase payable, loans and trade financing facilities. Interest bearing financial assets include deposits which are short term in nature, placed for better yield returns than cash at banks and to satisfy conditions for bank guarantee and borrowing facilities granted to the subsidiary companies.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and the nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

iv. Credit Risk

The Group's exposure to credit risk arises from its receivables and the maximum risk associated with recognised financial assets is the carrying amounts as presented in the balance sheet.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit assessments, approvals, credit limits and monitoring procedures.

The Group and the Company have significant concentration of credit risk amounting to 39% (2009 : 39%) and 32% (2009 : 33%) respectively of the total receivables arising from amount owing by a related party.

v. Liquidity and Cash Flow Risks

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

42. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair Values

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities are as follows:-

i. Cash and Cash Equivalents, Trade and Other Receivables and Payables
The carrying amounts approximate fair values due to the relatively short term maturities of these financial assets and liabilities.

ii. Borrowings and Amount Owing By A Related Party (non-current)
The carrying amounts of short term bank borrowings approximate fair values due to the relatively short term maturities of these financial liabilities.

The carrying amounts of long term floating rate loans approximate their fair values.

The fair values of non-current amount owing by a related party, hire purchase and fixed rate term loans are estimated using discounted cash flow analysis, based on current lending rates for similar types of borrowing arrangements.

iii. Forward Foreign Exchange Contracts
The fair values of forward foreign exchange contracts are the amounts that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the balance sheet date applied to a contract of similar quantum and maturity profile.

The carrying amounts of financial assets and liabilities recognised in the balance sheet approximate their fair values except for the following:-

		Group		Company	
	Note	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
2010					
Other investments					
- Unquoted investments	10	**41,010**	**# -**	**41,010**	**# -**
Amount owing by a related party (non-current asset)	12	**13,373,382**	**12,247,356**	**13,373,382**	**12,247,356**
Term loan	23	**3,030,050**	**2,842,639**	**-**	**-**
Hire purchase payable	24	**39,458**	**38,692**	**-**	**-**
Forward foreign exchange contracts	42(a)(i)	**-**	**1,935**	**-**	**-**
Contingent liabilities	38	**-**	*** -**	**-**	*** -**

42. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair Values (cont'd)

		Group		Company	
	Note	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
2009					
Other investments					
- Unquoted investments	10	41,010	# -	41,010	# -
Amount owing by a related party (non-current asset)	12	19,873,382	17,304,089	19,873,382	17,304,089
Term loans	23	7,552,601	7,133,358	-	-
Hire purchase payable	24	59,621	58,292	-	-
Forward foreign exchange contracts	42(a)(i)	-	(9,845)	-	-
Contingent liabilities	38	-	* -	-	* -

\# It is not practical to estimate the fair value of the unquoted investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

* It is not practical to estimate the fair value of the contingent liabilities reliably due to uncertainties of timing, costs and eventual outcome.

LIST OF PROPERTIES
AS AT 30 JUNE 2010

Location / Address	Description	Area M^2 (acres)	Approximate age (year)	Existing use	Tenure	Net carrying amount RM '000	Year of last revaluation
K8 Lot PLO 25 Tanjong Agas Industrial Estate 84000 Muar Johor Darul Takzim	Land & Building	4,047 (1)	32	Factory Premises	Leasehold for 60 years expiring in 2038	807	1991
Lot 22 Tanjong Agas Industrial Estate 84000 Muar Johor Darul Takzim	Land & Building	6,070 (1.5)	30	Factory Premises	Leasehold for 60 years expiring in 2040	1,034	1991
Lot 24 Tanjong Agas Industrial Estate 84000 Muar Johor Darul Takzim	Land & Building	4,047 (1)	30	Factory Premises	Leasehold for 60 years expiring in 2040	402	1991
PLO 97 Tanjong Agas Industrial Estate 84000 Muar Johor Darul Takzim	Land & Building	6,070 (1.5)	24	Sales Office & Factory Premises	Leasehold for 60 years expiring in 2046	883	1991
Lot 4 Persiaran Perusahaan Seksyen 23 40708 Shah Alam Selangor Darul Ehsan	Land & Building	81,520 (20.144)	20	Factory & Office Premises	Leasehold for 99 years expiring in 2098	37,245	1992

SHAREHOLDING STATISTICS
AS AT 20 OCTOBER 2010

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	:	RM200,000,000/- divided into 200,000,000 ordinary shares of RM1/- each
Issued & Fully Paid-Up	:	RM85,162,500/- divided into 85,162,500 ordinary shares of RM1/- each
Class of Share	:	Ordinary Shares of RM1/- each
Voting Rights	:	1 vote per share

Size of Holdings	No. of Shareholders	No. of Shares #	% #
1 – 99	91	2,497	0.00
100 – 1,000	1,941	1,861,553	2.22
1,001 – 10,000	2,840	11,656,084	13.90
10,001 – 100,000	552	15,578,969	18.57
100,001 – less than 5%	53	20,387,108	24.30
5% and above	4	34,396,589	41.01
Total	**5,481**	**83,882,800**	**100.00**

After deducting 1,279,700 treasury shares retained by the Company as per Record of Depositors.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	% #
1	OSK Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Tan Sri Dr. Chen Lip Keong*	12,500,000	14.90
2	Permodalan Nasional Berhad	9,097,200	10.85
3	HSBC Nominees (Asing) Sdn. Bhd. *Exempt An For JPMorgan Chase Bank, National Association (Singapore)*	8,374,389	9.98
4	HSBC Nominees (Tempatan) Sdn. Bhd. *Exempt An For JPMorgan Chase Bank, National Association (Tan Sri Dr. Chen Lip Keong)*	4,425,000	5.28
5	HSBC Nominees (Asing) Sdn. Bhd. *HSBC-FS For Asian Emerging Countries Fund*	2,613,000	3.11
6	HDM Nominees (Asing) Sdn. Bhd. *Selvione Limited*	2,525,000	3.01
7	Sumurwang Capital Sdn. Bhd.	1,836,000	2.19
8	Yeoh Kean Hua	1,414,900	1.69
9	Goh Leong Chuan	768,000	0.92
10	RHB Capital Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Fong Siling (CEB)*	730,000	0.87

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	% #
11	Mayban Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Lee Chee Kong*	602,700	0.72
12	Quantum Symbol Sdn. Bhd.	535,700	0.64
13	Lee Kok Chong	511,100	0.61
14	Puan Sri Lee Chou Sarn	505,493	0.60
15	Foo Look Yu	500,000	0.60
16	Teh Bee Gaik	499,915	0.60
17	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Tan Kian Aik*	450,500	0.54
18	TA Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Chai Nam Kiong*	425,000	0.51
19	Special Portfolio Sdn. Bhd.	376,200	0.45
20	Yeoh Chun Heng	333,000	0.40
21	Sak Moy @ Sak Swee Len	324,000	0.39
22	HLG Nominee (Tempatan) Sdn. Bhd. *Hong Leong Bank Bhd. For Chong Mee Chen*	311,700	0.37
23	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Tan Kian Chuan*	225,000	0.27
24	Fong Chong Kam	210,000	0.25
25	Tan Kok Sing	200,000	0.24
26	George Lee Sang Kian	185,400	0.22
27	Lim Seng Chee	180,000	0.21
28	Lim Chooi Kwa	180,000	0.21
29	Ho Swee Wan	178,400	0.21
30	Lim Khuan Eng	175,000	0.21
	Total	**51,192,597**	**61.05**

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct No. of Ordinary Shares held	% #	Indirect No. of Ordinary Shares held	% #
Tan Sri Dr. Chen Lip Keong	16,925,000*a	20.18	-	-
Permodalan Nasional Berhad	9,097,200	10.85	-	-
Blue Velvet Property Corp	8,374,389	9.98	-	-

Notes:

*a 12,500,000 ordinary shares are held by OSK Nominees (Tempatan) Sdn. Bhd. and 4,425,000 ordinary shares are held by HSBC Nominees (Tempatan) Sdn. Bhd., Exempt An For JPMorgan Chase Bank, National Association.

DIRECTORS AND CEO'S SHAREHOLDINGS

	Direct No. of Ordinary Shares held	% #	Indirect No. of Ordinary Shares held	% #
Directors				
Tan Sri Dato' Sulaiman bin Sujak	-	-	-	-
Tan Sri Dr. Chen Lip Keong*b	16,925,000*a	20.18	-	-
Puan Sri Lee Chou Sarn*b	505,493	0.60	-	-
Dato' Dr. Abdul Razak bin Abdul	-	-	-	-
Datuk Wan Kassim bin Ahmed	-	-	-	-
Chen Yiy Hwuan*b	-	-	-	-
Chen Yiy Fon*b	-	-	-	-
Lim Mun Kee	-	-	-	-
Chief Executive Officer				
Loh Yee Feei	-	-	-	-

Notes:

*a 12,500,000 ordinary shares are held by OSK Nominees (Tempatan) Sdn. Bhd. and 4,425,000 ordinary shares are held by HSBC Nominees (Tempatan) Sdn. Bhd., Exempt An For JPMorgan Chase Bank, National Association.

*b Puan Sri Lee Chou Sarn is the spouse of Tan Sri Dr. Chen Lip Keong. Mr Chen Yiy Hwuan and Mr Chen Yiy Fon are the sons of Tan Sri Dr. Chen Lip Keong and Puan Sri Lee Chou Sarn.

Frequently Asked Questions (FAQ) on
eDividend (Payment of Electronic Cash Dividend)
as at 15 April 2010

What?

1. What is eDividend?

A. eDividend is a service which allows an issuer to electronically pay your cash dividend entitlements directly into your bank account instead of making payment via bank cheques.

2. What do I have to do?

A. As a depositor, you have to provide your bank account information to Bursa Depository.

Why?

3. Why eDividend?

A.
- Faster access to dividends which are credited directly into your bank account
- Convenience – eliminates the need to go to a bank
- One-off provision of bank account details for all listed issuers on Bursa Malaysia
- Better account management with the option to consolidate the dividends from all your CDS accounts into one bank account
- Misplaced, lost or expired cheques will no longer be an issue

When?

4. When can I start providing my bank account information for eDividend?

A. You can start providing your bank account information to your Authorised Depository Agent (ADA) (referred to in this FAQ as your "stock broker") from 19 April 2010 and you have a grace period of one year, until 18 April 2011 to provide such information. The sooner you provide your bank account information, the sooner you will be able to benefit from the advantages of eDividend.

5. Will I incur any additional costs for receiving eDividend or in providing my bank account information for the purposes of eDividend?

A. No. You can benefit from eDividend without any charges, if your bank account information is provided to your stock broker within the one year grace period.

6. What happens after that one year grace period?

A. After that one year grace period, depositors who have not provided their bank account information will not be able to benefit from receiving their dividends in a timely, effective and efficient manner. Moreover, depositors will have to bear an administrative fee when they provide their bank account information to their stock brokers after the one year grace period.

How?

7. How do I provide my bank account information for eDividend?

A. You must complete the relevant prescribed form and submit it together with the required supporting documents at your stock broker's office where your CDS account is maintained.

Note: If you are unable to be present at the stock broker's office, the signing of the relevant prescribed form and the supporting documents must be witnessed by an acceptable witness specified by Bursa Depository. An acceptable witness includes an Authorised Officer of your stock broker, a Dealer's representative, a notary public, or an authorised officer of Malaysian Embassy/High Commission. Once signed accordingly, the document should be submitted to your stock broker.

8. What supporting documents are required?

A. If you are an individual depositor, when providing your bank account information for eDividend, bring along:-

(i) Original documents for verification.
(ii) Copy of Identification documents i.e. NRIC, Passport, Authority Card or other acceptable identification documents.
(iii) Copy of your bank statement/ bank saving book/ details of your bank account obtained from your bank's website that has been certified by your bank/ copy of the letter from your bank confirming your bank account details.

If you are a corporate depositor, you are required to submit the following documents when providing your bank account details:-

(i) Certified true copy of Certificate of Incorporation/ Certificate of Registration.
(ii) Certified true copy of your bank statement/ bank savings book/ details of your bank account obtained from your bank's website/ any letter from bank confirming your bank account details.

In the case of a bank savings book or bank statement, for the purpose of confidentiality, you are advised to show to your stock broker only the part containing your bank account particulars when providing your bank account information for eDividend.

9. Is there any restriction on the type of bank account that can be assigned for the purposes of eDividend?

A. You are allowed to provide the details of existing active savings or current accounts maintained with a local bank that is under your name or in the case of a joint account, has your name as one of the accountholders.

10. Can I provide bank account information of a bank that is located overseas?

A. No, you must provide details of a bank account maintained with a financial institution that are offering MEPS Inter-Bank GIRO (IBG) service. A current list of IBG members can be located via the following website http://www.meps.com.my/faq/interbank_giro.asp?id=2#answer.

11. Can I change my bank account information provided for eDividend?

A. Yes, you are allowed to change your bank account details by submitting the relevant prescribed form together with the relevant supporting documents substantiating your request to your stock broker. There will be no cost charged to you for changing or updating your bank account details.

12. How will I receive my dividends for those shares held in my CDS accounts if I have not provided my bank account information?

A. If you have not provided your bank account information, you will not be able to benefit from receiving your dividends in a timely, effective and efficient manner. You will then be paid your cash dividend entitlements through an existing manner as authorised under the issuer's Articles of Association.

Other questions

13. When will listed issuers be required to pay dividends via eDividend to their shareholders?

A. All listed issuers who announce a books closing date for dividend entitlements on or after 1 September 2010 are required to pay dividends via eDividend to their shareholders who have provided their bank account information to Bursa Depository.

14. When will my bank account be credited with my dividend entitlement?

A. Dividends will be paid by the issuer on the payment date. Generally, your dividend will be credited into your bank account within the same day of payment depending on your bank's processes.

15. How will my bank account information be used and will it remain confidential?

A. Your bank account details and other related information:

(i) will be used solely for the purpose of enabling dividend payments to be credited directly into your bank account and for other purposes relevant for eDividend e.g. using your email address to send notifications to you;

(ii) will only be provided to those persons as may be necessary or expedient to facilitate the payment of your dividends via eDividend or for any related purpose e.g. the issuers, share registrars and the appointed paying banks; and

(iii) is protected under the Securities Industry (Central Depositories) Act 1991 that strictly prohibits the disclosure of such information to any person unless you expressly authorise the disclosure in writing. All the parties, including those parties referred to in item (ii) above, are compelled to strictly adhere to these provisions. It should be noted that by signing the relevant form to provide your bank account information, you will be authorising the disclosure of your bank account information to these parties.

16. What will happen to my dividend if the payment cannot be credited into my bank account?

A. If the dividend cannot be credited into your bank account based on the bank account information you provided (for example due to an incorrect bank account number, a closed bank account or an inactive bank account), you will be contacted by Bursa Depository to validate your bank account details with your stock brokers. Arrangements will be made by the issuer to pay dividends using an existing manner as authorised under the issuer's Articles of Association.

17. Will I be notified once Bursa Depository has obtained the required information for me to be able to receive eDividend?

A. Bursa Depository will be send a confirmation by posting a computer generated notice to your correspondence address as specified in your CDS account details. The confirmation will also include your bank account information which you have provided in the relevant prescribed form for providing your bank account information, for verification.

18. Will I still receive my dividend tax voucher?

A. Yes, you will continue to receive your tax voucher so long as it is required under the law.

19. Will I be notified once the listed issuer has paid the dividend?

A. Yes, you will be notified electronically once the listed issuer has paid the dividend out of its account if you have provided your email address. You are also encouraged to provide your mobile phone number for SMS notification, which will be provided at the discretion of the listed issuers. Nevertheless you will still receive your tax vouchers as long as the law requires it.

20. Can I choose to discontinue receiving dividends via eDividend?

A. No, you are not allowed to discontinue receiving dividends via eDividend once you have provided your bank account information for the purposes of eDividend.

21. What if my CDS account is held in the name of a nominee?

A. If your CDS account is held in the name of a nominee, the depositor entitled to provide the bank account information for eDividend will be the nominee.

22. Do I need to provide bank account information separately for eDividend for each of my CDS accounts if I have more than one CDS account?

A. If you want all dividend payments arising from shares held in your CDS accounts to be credited into the same bank account, you can request for consolidation of all your CDS accounts for dividend payment at the point of providing your bank account information for eDividend.

You can also opt to assign different bank accounts for each of your CDS accounts. In this case, you will need to provide your bank account information separately for each of the CDS accounts at the respective stock brokers where your CDS accounts are maintained.

23. Do I need to provide my bank account information again when opening a new CDS account after having provided my bank account information earlier and consolidating my CDS accounts?

A. No, once you have provided your bank account information for eDividend and opted for consolidation, your bank account details under your existing CDS accounts will be automatically assigned to your new CDS account.

However, if you had provided your bank account information for eDividend and had not opted for the consolidation feature, you will need to provide your bank account information every time you open a new CDS account.

24. Can I opt to consolidate all my CDS accounts for the purpose of eDividend after initially opting to have different bank accounts assigned to my various CDS accounts?

A. Yes, however you will need to decide and assign only one bank account to receive all the dividend payment arising from shares held in all your various CDS accounts. You will be able to perform the consolidation at the stock broker's office where you maintain a CDS account that your bank account has been assigned for the purpose of eDividend.

25. Do I need to provide my bank account information for eDividend to Bursa Depository if I have already been receiving my dividends from listed issuers who are currently providing payment of dividends via electronic means?

A. Yes, you will still be required to provide your bank account information to your stock broker.

26. If I open a new CDS account from 19 April 2010 onwards, is it compulsory for me to provide my bank account for eDividend purposes?

A. Yes, if you are a Malaysian citizen, permanent resident of Malaysia or a Malaysian incorporated or registered entity. When you open a new CDS account, in addition to the CDS account opening form, you are also required to provide your bank account information by completing the eDividend form at the same time. This means that you will be able to receive eDividend from 1 September 2010 onwards on any new CDS account.

These FAQs are meant to provide general information about the eDividend services that shall be provided by Bursa Malaysia Berhad. Whilst Bursa Malaysia Berhad has used reasonable endeavours to ensure that information contained in this document are accurate and correct, the provision of information in this document is provided on an "as is" basis without any representations or warranties of any kind.

Bursa Malaysia Berhad disclaims any and all liability in respect of any claim arising out of or relating to these FAQs. These FAQs shall be read in conjunction with the relevant terms and conditions, laws, regulations and rules pertaining to the eDividend services which are available at Bursa Malaysia Berhad's website at www.bursamalaysia.com.

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PROXY FORM

FACB INDUSTRIES INCORPORATED BERHAD (48850-K)

(Incorporated in Malaysia)

Number of Shares :	CDS Account No. :

I/We, ____

of ____

being a member of **FACB INDUSTRIES INCORPORATED BERHAD** hereby appoint ____________________

____

of ____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirty First Annual General Meeting of the Company to be held at Dewan Seri Pinang, Etiqa Twins, Level 3, 11 Jalan Pinang, 50450 Kuala Lumpur on Wednesday, 8 December 2010 at 10.30 a.m. and at any adjournment thereof.

No.	Ordinary Resolutions	For	Against
1	Adoption of audited financial statements and reports		
2	Approval of final dividend		
3	Approval of Directors' fees		
4	Re-appointment of Tan Sri Dato' Sulaiman bin Sujak as Director		
5	Re-election of Tan Sri Dr. Chen Lip Keong as Director		
6	Re-election of Dato' Dr. Abdul Razak bin Abdul as Director		
7	Re-election of Mr Chen Yiy Fon as Director		
8	Re-appointment of Messrs Moore Stephens AC as Auditors		
9	Authority pursuant to Section 132D of the Companies Act, 1965		
10	Proposed Renewal of Authority for Share Buy-Back		

(Please indicate with an "X" in the appropriate box against each Resolution how you wish your vote to be cast. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.)

Signed this ______________ day of ________________________, 2010

____

Signature/Seal of Shareholder

NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

2. Subject to the Companies Act, 1965, where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.

3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a corporation, either under its common seal or the hand of an officer or attorney duly authorised.

4. The Proxy Form must be completed, signed and deposited at the Company's Registered Office not less than 48 hours before the time set for the Meeting or adjourned meeting.

affix
stamp

The Company Secretary
FACB Industries Incorporated Berhad (48850-K)
Etiqa Twins, Tower 1
Level 13, 11 Jalan Pinang
50450 Kuala Lumpur