CB INDUSTRIAL PRODUCT HOLDING BERHAD

(Company No. 428930-H)
Incorporated in Malaysia

ANNUAL REPORT **2009**

Table of Contents

Corporate **Information**

Board of Directors

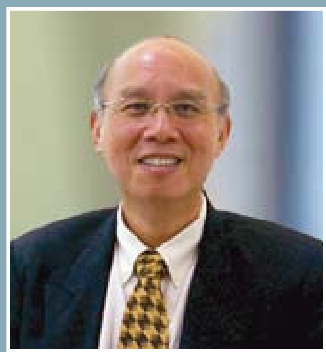
Tan Sri Datuk Dr. Yusof Bin Basiran
Non-Independent Non-Executive Chairman

Lim Chai Huat
Non-Independent Non-Executive Director

Y.D.M Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah Tengku Seri Paduka Shahbandar (Selangor)
Executive Director

Lim Chai Beng
Managing Director

Mak Chee Meng
Executive Director



Michael Ting Sii Ching
Independent Non-Executive Director

Wong Chee Beng
Independent Non-Executive Director

Corporate Information (cont'd)

Audit Committee

Wong Chee Beng
Chairman, Independent Non-Executive Director

Michael Ting Sii Ching
Independent Non-Executive Director

Lim Chai Huat
Non-Independent Non-Executive Director

Company Secretaries

Lim Ming Toong (MAICSA 7000281)
Lai Chee Wah (MAICSA 7031124)
Siti Sarah Binti Abd Rahman (MAICSA 7059191)
Mah Li Chen (MAICSA 7022751)

Registered Office

Unit 1C, 3C & 5C, 3rd Floor, Block 2
Worldwide Business Centre
Jalan Tinju 13/50, Seksyen 13
40675 Shah Alam
Selangor Darul Ehsan
Telephone No: 03-5513 8800
Facsimile No: 03-5513 9393
E-mail: info@cbip.com.my
Website: www.cbip.com.my

Share Registrar

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House Block D13
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Telephone No: 603-7841 8000
Facsimile No: 603-7841 8008

Principal Bankers

OCBC Bank (Malaysia) Berhad
HSBC Bank Malaysia Berhad
AmBank (M) Berhad

Auditors

Crowe Horwath
Chartered Accountants
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Telephone No: 03-2166 0000
Facsimile No: 03-2166 1000

Stock Exchange

Main Market
Bursa Malaysia Securities Berhad

Stock Code

7076

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of CB INDUSTRIAL PRODUCT HOLDING BERHAD will be held at Mutiara Room, The Saujana Hotel, 2KM, Off Jalan Sultan Abdul Aziz Shah Airport Highway, Saujana, 47200 Subang, Selangor Darul Ehsan on Thursday, 27 May 2010 at 11.00 a.m. for the following purposes:-

AGENDA

1. To lay the Audited Financial Statements for the financial year ended 31 December 2009 together with the Reports of the Directors and Auditors thereon (Please refer to Note A).

2. To re-elect the following Directors retiring in accordance with Article 99 of the Articles of Association of the Company:

   (a) Michael Ting Sii Ching — **Ordinary Resolution 1**
   (b) Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah — **Ordinary Resolution 2**

3. To approve the payment of Non-Executive Directors' fees of RM154,800.00 for the financial year ended 31 December 2009. — **Ordinary Resolution 3**

4. To re-appoint Messrs Crowe Horwath (formerly known as Messrs Horwath) as the Auditors of the Company and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 4**

AS SPECIAL BUSINESSES

To consider and if thought fit, pass the following resolutions:

5. **PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY** — **Ordinary Resolution 5**

   "THAT subject to the Companies Act, 1965 (the "Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM0.50 each in the Company's issued and paid-up share capital through the Bursa Securities subject further to the following: -

   (i) the maximum number of shares which may be purchased and/or held by the Company shall be equivalent to ten per-centum (10%) of the issued and paid-up share capital of the Company ("Shares") for the time being;

   (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the total retained profit or share premium reserve of the Company. Based on the last audited accounts as at 31 December 2009, the retained profit and share premium reserve of the Company were RM19,573,150.00 and RM5,558,873.00 respectively;

   (iii) the authority conferred by this resolution will commence immediately upon passing of this resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next AGM after that date is required by the law to be held, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by the Bursa Securities or any other relevant authority; and

(iv) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:

(a) cancel the Shares so purchased; or
(b) retain the Shares so purchased as treasury shares; or
(c) retain part of the Shares so purchased as treasury shares and cancel the remainder; or
(d) distribute the treasury shares as dividends to shareholders and/or resell on the Bursa Securities and/or cancel all or part of them; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

6. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **Ordinary Resolution 6**

"THAT pursuant to Section 132D of the Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company at the time of issue and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY** **Special Resolution**

"THAT the Articles of Association of the Company be amended as follows:

i. THAT the following Articles be inserted immediately after Article 120

120 (1) The meetings of Directors may be conducted by telephone or audio-visual conferencing or other methods of simultaneous communication by electronic, telegraphic or other means by which all persons participating in the meeting are able to hear and be heard at all times by all other participants without the need for a Director to be in the physical presence of the other Directors (hereinafter referred to as "Directors Video-Conference Meeting") and participation in the Directors Video-Conference Meeting shall be deemed to constitute presence in person at such meeting.

120 (2) The Directors participating in any such Directors Video-Conference Meeting shall be counted in the quorum for such meeting and subject to there being a requisite quorum at all times for such Directors Video-Conference Meeting, all resolutions agreed by the Directors in such meeting shall be

Notice of Annual General Meeting (cont'd)

deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. A Director may disconnect or cease to participate in the Directors Video-Conference Meeting if he makes known to all other Directors participating that he is ceasing to participate in the meeting and such Director shall, notwithstanding such disconnection, be counted in the quorum for such meeting. The minutes of such a Directors Video-Conference Meeting signed by the Chairman or any other Director duly appointed as under Article 126 as chairperson of the meeting shall be conclusive evidence of any resolution of any Directors Video-Conference Meeting.

120 (3) A Directors Video-Conference Meeting is deemed to be held at the place agreed upon by the Directors attending the meeting, provided that at least one of the Directors participating in the meeting was at that place for the duration of the meeting.

ii. THAT Article 156 be deleted in its entirety and substituted thereof with the following new articles:

156 (1) Any dividend, interest or other moneys payable in cash in respect of a share may be paid by direct debit, bank transfer, cheque, dividend warrant or such other mode of electronic means (subject to the provision of the Act, the Central Depositories Act and the Rules of the Depository, the Listing Requirements and/or regulatory authorities) to the bank account of the holders whose names appear in the Register or Record of Depositors respectively. In the case of cheque or dividend warrant, such payment be sent:

(a) by post, by courier or by hand to the registered address of the person entitled as appearing in the Record of Depositors; or

(b) by post, by courier or by hand to the registered address of the person becoming entitled to the share by reason of the death, bankruptcy or mental disorder of the holder or by operation of law or if such address has not been supplied, to such address to which such cheque or warrant might have been posted if the death, bankruptcy, mental disorder or operation of law had not occurred; or

(c) by post, by courier or by hand to such address as the person entitled may direct in writing but the Company shall be entitled to send such cheque or dividend warrant to such other address or by such other means stated in Articles 156(1)(a) to 156(1)(c) notwithstanding such direction.

156 (2) The payment of any dividend by such electronic means shall constitute a good and full discharge to the Company of the dividend to which it relates regardless of any discrepancy in the details of the bank account(s) given by the member.

156 (3) Every cheque or warrant may be made payable:

(a) to the order of the person entitled; or

(b) to the order of the person entitled by reason of the death, bankruptcy or mental disorder of the holder or by operation of law; or

Notice of Annual General Meeting (cont'd)

(c) to the order of such other person as the person entitled may in writing direct or direct to be sent to,

but nothing in Article 156(3) shall prevent such cheque or warrant from being made payable in such other manner as the Company would be entitled to in respect of such cheque or warrant including (without limitation), in the case of the death of the holder of the share in respect of which the dividend or other moneys to be paid by the cheque or warrant are payable making such cheque or warrant payable to the estate of such holder if the Company thinks appropriate. Such cheque or warrant shall be a good discharge to the Company. The Company shall not be responsible for any loss of any such cheque or warrant (whether in the post, while being delivered by courier or by hand, after delivery to the relevant address or person or otherwise)."

By Order of the Board

Lim Ming Toong (MAICSA 7000281)
Lai Chee Wah (MAICSA 7031124)
Siti Sarah Binti Abd Rahman (MAICSA 7059191)
Mah Li Chen (MAICSA 7022751)
Company Secretaries

Selangor Darul Ehsan
5 May 2010

Notes:-

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

i) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

ii) A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.

iii) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account.

iv) If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.

v) The instrument appointing a proxy must be deposited at the registered office of the Company at Unit 1C, 3C & 5C, 3rd Floor, Block 2, Worldwide Business Centre, Jalan Tinju 13/50, Seksyen 13, 40675 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

vi) If the appointer is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.

Notice of Annual General Meeting (cont'd)

vii) **Explanatory notes on the Special Business**

Ordinary Resolution 5
Proposed Renewal of Authority for Purchase of Own Shares by the Company.

The proposed Ordinary Resolution 5 if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next Annual General Meeting.

Further information on the Proposed Renewal of Authority for Purchase of Own Shares by the Company is set out in the Share Buy-Back Statement to Shareholders of the Company which is despatched together with this Annual Report.

Ordinary Resolution 6
Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 6 is a renewal mandate for the issue of shares under Section 132D of the Act. If passed, it will give flexibility to the Directors of the Company to issue shares up to a maximum of ten per centum (10%) of the issued share capital of the Company at the time of such issuance of shares (other than bonus or rights issue) and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The rationale for this resolution is to eliminate the need to seek shareholders' approval to convene general meeting(s) from time to time as and when the Company issues new shares for future business opportunities and thereby reducing administrative time and cost associated. No shares had been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 12 June 2009. The Directors would utilise the proceeds raised from this mandate for working capital or such other applications they may in their absolute discretion deem fit.

Special Resolution
Proposed Amendments to the Articles of Association

The rationale for the proposed amendments to the Articles of Association of the Company under Special Resolution are as follows:
Article 120(1), 120(2) and 120(3) – This is to enhance the Board's efficiency in conducting board meeting.
Article 156 (1), 156(2) and 156(3) – This is to facilitate the payment of dividends through electronic means which would reduce the cost and increase efficiency of the Company.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.27(2) of the Main Market of Listing Requirements of Bursa Malaysia Securities Berhad

There is no person seeking election as Director of the Company at this Thirteenth Annual General Meeting.

Corporate **Structure**

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)

Manufacturing, Engineering & Trading

- 100% **Modipalm Engineering Sdn Bhd**
- 100% **Advance Boilers Sdn Bhd**
- 100% **Avecpalm Engineering (M) Sdn Bhd**
- 60% **Avecpalm Marketing Resources Sdn Bhd**
- 51% **Magview Machinery Sdn Bhd**
- 51% **AVP Engineering (M) Sdn Bhd**
- 100% **C.B. Industrial Product Sdn Bhd**
  - 100% **Midas Portfolio Sdn Bhd**
  - 100% **CBIP (PNG) Limited**
  - 95% **PT CB Polaindo**
  - 100% **Steam-Mech Engineering Sdn Bhd**
    - 85% **PT Sawit Lamandau Raya**

Plantation & Milling

- 100% **Sachiew Plantations Sdn Bhd**
- 100% **Empresa (M) Sendirian Berhad**
- 50% **Pride Palm Oil Mill Sdn Bhd**
  - 100% **Solar Green Sdn Bhd**
- 30% **Kumpulan Kris Jati Sdn Bhd**
- 30% **Bahtera Bahagia Sdn Bhd**

Chairman's **Statement**

Dear Shareholders,

On behalf of the Board of Directors of CB Industrial Product Holding Berhad (CBIPH), I am pleased to present the Annual Report of the CBIPH Group of Companies for the financial year ended 31 December 2009.

BUSINESS REVIEW

For the financial year under review, the CBIPH Group reported a turnover of RM331 million and a profit before tax of RM49 million, which represents a 19% and 30% decrease in turnover and profit before tax respectively, over the preceding financial year.

Profit before tax had decreased mainly due to lower profits from the plantation sector.

The performance in the oil palm plantation business operated by our subsidiaries, associated companies and the jointly controlled entity took a dip in the year under review mainly because of the lower average CPO prices, as compared to the previous financial year.

PROSPECTS

The CBIPH Group is confident that with the Federal Government's various economic stimulus packages, including the newly launched New Economic Model (NEM), the prospects for the current year and the next are bright.

The country has emerged almost unscathed from the global economic crisis and is set for an economic rebound and growth this year, with a firm business-friendly and investment-attractive financial culture and environment in place.

Since the last quarter of 2009, most economic indicators seem to point to a broad-based recovery in 2010, with an anticipated economic resurgence in the country starting to gather momentum. The nation's gross domestic product (GDP) is anticipated to grow to 8% in 2010, stimulated by the strengthening domestic business environment.

The external economic conditions are also increasingly becoming more positive and favourable. According to the International Monetary Fund (IMF), the global economy, after going through an almost a paralytic recession, should see better-than-expected growth in the current year, led by growing strength in China and other developing nations. In its latest World Economic Outlook, the IMF has forecast that the world economy would expand 4.2% in the current year, faster than its previous projection and a sharp improvement from 2009 when global output fell by 0.6%, the worst performance since World War II.

Meanwhile, the Federal Government has included an appendix in its NEM report on how the development of the palm oil industry can help achieve the NEM sustainability goal.

As one of the major local industry players, the CBIPH Group is confident that it can contribute constructively to help the palm oil sector match the major objectives of high income, sustainability and inclusiveness proposed in the NEM report.

In 2009, Malaysia's palm oil production was recorded at 17.56 million tonnes, with a total planted area of 4.69 million hectares.

In the same year, the palm oil sector generated RM49.6 billion export revenue. This contributed nearly 9% of the country export revenue of RM553.3 billion as reported by Bank Negara Malaysia.

In terms of high income, industry analysts have suggested that the palm oil sector's share of real GDP can grow to 7.6% by 2020 if the value-added gains from efficiency and innovation are realized.

The analysts also believe that palm oil exports could grow by 7% per annum to RM84 billion by 2020, and probably more if new oil palm products and services are successfully marketed.

Hence, the prospects for the palm oil industry in the current year and the immediate future are bright, and the CBIPH Group is all set to play a more significant major role in the industry.

CORPORATE SOCIAL RESPONSIBILITY

As a major corporate citizen of the country, the CBIPH Group is committed to contribute positively and constructively to the nation-building process. Hence, it practices labour-friendly employer-employees relationship, giving its workers due respect, reasonable wages and exemplary working terms and conditions.

The CBIPH Group is also fully committed to the task of research and development (R&D) in the palm oil industry, and will support the R&D studies and projects undertaken by the government agencies and the tertiary institutions.

In the area of community welfare, the CBIPH Group is prepared to provide aid and offer relief to those in urgent need in times of disasters or tragedies, in line with its status of being a responsible and caring corporate citizen of the nation.

CORPORATE DEVELOPMENT

During the financial year 2009, the CBIPH Group completed the following corporate exercises:

(a) Acquisition of 51% equity interest in Magview Machinery Sdn. Bhd; and
(b) Acquisition of 85% equity interest in PT Sawit Lamandau Raya.

The above acquisitions are expected to contribute positively to the CBIPH Group's potential earnings, thereby enhancing its value to the shareholders.

The CBIPH Group has also undertaken a proposed private placement of new shares representing up to 10% (ten per cent) of the issued and paid up capital of the Company.

DIVIDEND

The Company has declared a tax exempt interim dividend of 10% per ordinary share for the financial year ended 31 December 2009 which was paid on 11 September 2009.

ACKNOWLEDGEMENT AND APPRECIATION

The Board of Directors and I would like to extend our sincere appreciation and thanks to the Management and Staff of the CBIPH Group for their commitment and untiring efforts throughout the year. With their continuous loyal support and dedication, we are confident that the CBIPH Group will soar to greater heights, despite the anticipated challenges ahead.

We would also like to thank our clients, business associates, respective authorities and shareholders for their continuous support and understanding extended to us during the year.

Tan Sri Datuk Dr Yusof bin Basiran
Chairman

Directors' Profile

Tan Sri Datuk Dr. Yusof Bin Basiran | Non-Independent Non-Executive Chairman

Tan Sri Datuk Dr. Yusof Bin Basiran, aged 61, Malaysian, was appointed to the Board on 20 February 2006.

He is presently holding several important positions which include:
- Chief Executive Officer of Malaysian Palm Oil Council (MPOC)
- Director of FELDA Holdings Bhd and 2 of its subsidiaries
- Chairman and Director of TH Plantations Berhad

Apart from holding distinguished corporate positions, he is also involved in other organisations which are:
- President of Academy of Sciences Malaysia
- Fellow member of Malaysia Scientific Association (MSA)
- Fellow member of Malaysian Oil Scientists' and Technologists' Association (MOSTA)
- Fellow member of the Incorporated Society of Planters

His notable academic achievements are as follows:
- In 1972, he obtained his Bachelor in Chemical Engineering Degree from the University of Canterbury, New Zealand;
- In 1974, he obtained his Post-Graduate Degree in Rubber Technology (ANCRT) in the United Kingdom; and
- In 1976, he obtained his Masters Degree in Engineering specialising in Industrial Management (M.E.) and also in Business Administration (MBA) from the Catholic University of Leuven in Belgium.

Before he joined Palm Oil Research Institute of Malaysia (PORIM) in 1979, he held the position of Rubber Technologist/Techno-Economist with the Rubber Research Institute (RRI)/Malaysian Rubber Research Development Board (MRRDB).

In 1986, he completed his doctorate with a PhD in Applied Economics and Management Science from the University of Stirling, Scotland. He was later appointed as the Director-Generall of PORIM in 1992. He held the position for 8 years until April 2000 before assuming the role of the Director-General of Malaysia Palm Oil Board (MPOB), an organisation which existed as a result of a PORIM and Palm Oil Registration and Licensing Authority (PORLA) merger, from 1 May 2000 until 18 January 2006.

For all these services, he was conferred the Federal Awards Darjah JOHAN MANGKU NEGARA (J.M.N.), Darjah Yang Mulia PANGLIMA JASA NEGARA (P.J.N.) and Darjah Kebesaran PANGLIMA SETIA MAHKOTA (P.S.M.)

Lim Chai Beng | Managing Director

Lim Chai Beng, aged 51, Malaysian, was appointed to the Board on 3 February 1999.

He is one of the founders of C.B. Industrial Product Sdn Bhd and also the Managing Director of this subsidiary company, a position he holds until today. He is also the Managing Director of the subsidiary company, Modipalm Engineering Sdn Bhd. He has vast experience in the engineering industry. He is the driving force behind the Group's growth and responsible for the overall management and formulation of the Group's strategic plans and policies. He possesses strong inter-personal and management skills, which inculcates a good rapport with the highly motivated and dedicated workforce.

On 28 July 2009, Mr. Lim was awarded the Outstanding Entreprenuership Award 2009 from the Enterprise Asia.

Directors' Profile (cont'd)

Y.D.M Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah Tengku Seri Paduka Shahbandar (Selangor) | Executive Director

Y.D.M Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah Tengku Seri Paduka Shahbandar (Selangor), aged 50, Malaysian, was appointed to the Board on 3 February 1999. He is a member of the Remuneration Committee.

He is an established business entrepreneur with extensive networking and great public relations skills. He was previously the Director/Project Director of Worldwide Holdings Berhad for more than 8 years and was involved in the restructuring exercise of the Company in the year 1990.

He was appointed a director of C.B. Industrial Product Sdn Bhd in 1994 and is responsible for the public affairs and government liaison of this subsidiary company. He is also the Managing Director of the subsidiary company, AVP Engineering (M) Sdn Bhd, involved in the fabrication of specialised vehicles.

He was appointed the "Orang Besar Istana" on December 2008 with the bestowed title of "Tengku Seri Paduka Shahbandar" by his Majesty the Sultan of Selangor.

Lim Chai Huat | Non-Independent Non-Executive Director

Lim Chai Huat, aged 49, Malaysian, was appointed to the Board on 3 February 1999. He is the Chairman of the Nomination and Committee and also a member of the Audit Committee.

He is one of the founders of C.B. Industrial Product Sdn Bhd. He joined Chin Beng Engineering Works in 1980 as the Operations Manager. When Chin Beng Engineering Works was incorporated into a private limited company under its present name of C.B. Industrial Product Sdn Bhd, in 1983, he was promoted due to his vast experience and track record to Production Manager in the manufacturing division. In 1985, he was further promoted to Project Director where he headed the project team and managed the Project Division. He currently acts as an advisor for palm oil mill projects and the administration of the factory and Property Division. He is the Managing Director of Freiberg (Malaysia) Sdn Bhd ("Freiberg"), a company, which was granted a license from Australia to manufacture office furniture and partitions.

Mak Chee Meng | Executive Director

Mak Chee Meng, aged 55, Malaysian, was appointed to the Board on 3 February 1999. Prior to joining C.B. Industrial Product Sdn Bhd in 1994, he was the Manager (Industrial Division) from 1982 to 1989 for Centrimax Engineering Sdn Bhd, a company principally involved in the supply of palm oil mill equipment and related services, where he was responsible for the sales and marketing division. He is the founder and currently the Managing Director of the subsidiary companies, Avecpalm Engineering (Malaysia) Sdn Bhd and Avecpalm Marketing Resources Sdn Bhd. He is instrumental in developing the export market in the West African countries, Papua New Guinea and the South American tropical belt countries.

Directors' Profile (cont'd)

Michael Ting Sii Ching | Independent Non-Executive Director

MICHAEL TING SII CHING, aged 53, Malaysian, was appointed to the Board on 10 October 2001. He is the Chairman of the Remuneration Committee, and also a member of the Audit and Nomination Committees.

He was previously with Arthur Andersen/HRM Management Services Sdn Bhd for more than 9 years (last position as senior consulting manager) in which he oversaw/undertook a variety of management and financial consulting assignments and/or projects. Subsequently, he was appointed a General Manager in PhileoAllied Securities Sdn Bhd and an Executive Director in Phileo Allied Capital Partners Sdn Bhd, overseeing the origination, structuring and advisory of corporate finance deals/ transactions over a period of about 8 years. His professional experience also included heading the corporate planning and development division (as Vice President) of MISC Berhad for over 4 years. He is currently a director of Sunrise Berhad.

Wong Chee Beng | Independent Non-Executive Director

Wong Chee Beng, aged 56, Malaysian, was appointed to the Board on 23 May 2002. He is the Chairman of the Audit Committee and a member of the Nomination Committee.

He is a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants. He also holds a Master of Business Administration (MBA) from Brunel University, United Kingdom and is a Certified Financial Planner (CFP).

He has more than 30 years of experience in the areas of auditing, accounting, financial management, business entrepreneurship and company secretarial work.

Notes to Directors' Profile:

1. Family Relationship
   Lim Chai Huat is the brother to Lim Chai Beng, a Director and substantial shareholder of the Company.

   The other Directors do not have any family relationship with any Director and/or major shareholders of the Company.

2. Conviction of Offences
   None of the Directors have been convicted for any offences (other than traffic offences) within the past 10 years.

3. Conflict of Interest
   All the Directors have no conflict of interest with the Company and its subsidiaries.

4. Attendance at Board Meetings
   The details of attendance of the Directors at the Board Meetings are set out on page 20 of this Annual Report.

5. Shareholdings
   The details of Directors' Interest in the securities of the Company are set out in the Analysis of Shareholdings page 88 of this Annual Report.

Audit Committee Report

The Board is pleased to present the following Report on the Audit Committee and its activities for the financial year ended 31 December 2009.

COMPOSITION AND MEETINGS

The present Audit Committee comprises three (3) Directors as follows:

Chairman
Wong Chee Beng – Independent Non-Executive Director

Members
Michael Ting Sii Ching – Independent Non-Executive Director
Lim Chai Huat – Non-Independent Non-Executive Director

The Audit Committee met five (5) times during the financial year ended 31 December 2009. The details of the attendance of the Audit Committee are as follows:

		Attendance
Chairman	Wong Chee Beng *(Independent Non-Executive Director)*	5/5
Members	Michael Ting Sii Ching *(Independent Non-Executive Director)*	5/5
	Lim Chai Huat *(Non-Independent Non-Executive Director)*	5/5

Senior Management staff, Group internal auditor and the external auditors were invited to attend the Audit Committee meetings. The agenda of the meetings and relevant information were distributed to the Audit Committee members with sufficient notification. The Company Secretary was also present to record the proceedings of the Audit Committee meetings.

Summary of Activities of the Audit Committee

In accordance with the Terms of Reference of the Audit Committee, the following activities were undertaken by the Audit Committee during the year ended 31 December 2009, including the deliberation on and review of:

(a) the unaudited quarterly Financial Statements and Annual Audited Financial Statements of the Company to ensure adherence to the regulatory reporting requirements and appropriate resolution prior to the submission to the Board of Directors for approval.

(b) the audit plan of the external auditors in terms of their scope of audit prior to their commencement of their annual audit.

(c) the audit reports of the external auditors in relation to audit and accounting matters arising from the statutory audit; matters arising from the audit of the Group in meetings with the external auditors without the presence of the executive Board members and management.

(d) related party transactions and conflict of interest situation that may arise within the Group.

(e) the internal audit reports, audit recommendations and implementation status of the recommendations.

(f) the quarterly update on the Group's key risk profile with a view to re-assess and manage the key business risks as well as to monitor the readiness to manage these risks.

Audit Committee Report (cont'd)

Summary of Activities of the Audit Committee (cont'd)

(g) the Audit Committee Report and Statement on Internal Control for compliance with the Malaysian Code on Corporate Governance and the Listing Requirements of Bursa Malaysia Securities Berhad before recommending to the Board of Directors for approval.

(h) re-appointment of external auditors and their audit fees, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit, before the recommendation to the Board of Directors for approval.

(i) the new development and updates on Accounting Standards by Malaysian Accounting Standards Board.

Internal Audit Function

The Internal Audit Function assisted the Audit Committee in ensuring the adequacy and effectiveness of the internal control system of the Group. The activities of the Internal Audit Function during the financial year ended 31 December 2009 were as follows:

(a) Execution of the approved internal audit plan.

(b) Presentation of the internal audit findings at the Audit Committee meetings. All findings raised by the internal audit function had been directed to Management for appropriate actions.

(c) Conducted follow-up reviews to ensure previously established action plans had been adequately implemented by Management within the agreed original/extended timelines.

(d) Development of Internal Audit Plan for 2009.

The total cost incurred for the in-house internal audit function was RM130,400.00

The internal audits conducted did not reveal weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the annual report.

Further details of the internal audit function are set out in the Statement on Internal Control on pages 24 to 25.

TERMS OF REFERENCE OF AUDIT COMMITTEE

The terms of reference of the Audit Committee are as follows:

Composition

- The Audit Committee shall be appointed from amongst the Board and shall:

  i) comprise no fewer than three (3) members who are Non-Executive Directors and majority of whom are Independent Directors;

  ii) have at least one (1) member who is a member of the Malaysian Institute of Accountants or if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' of working experience and;

    (a) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

    (b) he/she must be a member of one of the associations of accountants as specified in Part II of the 1st Schedule of the Accountants Act 1967; or

  fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad; and

Composition (cont'd)

iii) no alternate director shall be appointed as a member of the Audit Committee.

In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

- The Chairman of the Audit Committee shall be appointed by the Board, or failing which, by the members of the Audit Committee themselves. The Chairman shall be an Independent Director. In event of the Chairman's absence, the meeting shall be chaired by another Independent Director.
- In the event of any vacancy resulting in non-compliance with the terms of reference hereof, the vacancy must be filled within 3 months.

Duties

- To review with the external auditors on:
  - i) the audit plan, its scope and nature;
  - ii) the audit report;
  - iii) the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
  - iv) the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.
- To review the adequacy of the scope, functions, competency and resources of the internal audit functions and the system of internal controls within the Group.
- To review with management:
  - i) audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
  - ii) interim financial information and press release relating to financial matters of importance; and
  - iii) the assistance given by the officers of the Company to external auditors.
- To review any related party transaction and conflict of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- To review the quarterly reports on consolidated results and annual financial statements with management and the auditors prior to submission to the Board of Directors.
- To consider the appointment and/or re-appointment of internal and external auditors, the audit fees and any questions or resignation or dismissal including recommending the nomination of person or persons as external auditors to the Board of Directors.
- To verify the allocation of options pursuant to a share scheme for eligible executives and non-executives Directors as being in compliance with the criteria for allocation of options under the share scheme, at the end of each financial year.
- To review the Statement on Internal Control and Audit Committee Report.
- To review the effectiveness of the Group's Risk Management Framework, Policies and Processes to mitigate Key Risks facing the Group.

Audit Committee Report (cont'd)

Rights

The Audit Committee shall:

a) have authority to investigate any matter within its terms of reference;

b) have the resources which are required to perform its duties;

c) have full and unrestricted access to any information pertaining to the group;

d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

e) have the right to obtain independent professional or other advice at the cost of the Company;

f) have the right to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary;

g) the Chairman shall call for a meeting upon a request of the internal auditors and external auditors.

h) promptly report to the Bursa Malaysia Securities Berhad matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements.

Meetings

- The Audit Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be Independent Directors.
- The Company Secretary is responsible for co-ordinating all administrative details including calling of meetings, voting and keeping of minutes.
- The Chairman shall upon request of the external auditors convene a meeting of the Audit Committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.
- The internal and external auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Audit Committee when required to do so by the Audit Committee. The internal auditors and external auditors may also request a meeting if they consider it necessary.
- Members of the Audit Committee are provided with the meeting agenda and other relevant financial and non-financial information prior to each meeting.
- Senior Management staff, external auditors and internal auditors are invited to attend the meetings, where their presence is needed.
- The Company Secretary is responsible for preparing the minutes of each meeting which are subsequently approved and adopted.

REVIEW OF AUDIT COMMITTEE

The Board of Directors shall review the terms of office and performance of the Audit Committee and each of its members at least once every three (3) years to gauge their compliance with the terms of reference. The last review of Audit Committee was done in 2008 and the next review shall be in 2011.

Statement of Corporate Governance

The Board of Directors ("the Board") is committed to ensuring that the principles and best practices on corporate governance are observed and practised throughout the Group so that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders' investment and ultimately enhancing shareholders' value.

Set out below is a statement of how the Group has applied the principles and complied with the best practices outlined in the Malaysian Code on Corporate Governance ("Code") and Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

THE BOARD OF DIRECTORS

- **Composition**

The Group is led by an effective and experienced Board with members from different backgrounds possessing a wide range of expertise. Together they bring a broad range of skills, experience and knowledge which give added strength to the leadership in managing and directing the Group's operations.

The Board recognises its key role in charting the strategic direction, development and control of the Group which would include the reviewing and monitoring of matters relating to strategy, performance, resource allocation, standards of conduct, financial matters, succession planning, effectiveness and adequacy of the Group's system of internal controls and risk management practices.

- **Board Balance**

The Board comprises 7 members, of whom, 2 are Independent Non-Executive Directors, 2 are Non-Independent Non-Executive Directors and 3 Executive Directors. The profiles of the members of the Board are set out on page 12 to 14 of this Annual Report.

The Executive Directors are primarily responsible for the implementation of policies and decisions of the Board, overseeing the Group's operations and developing the Group's business strategies. The role of the Independent Non-Executive Directors is to provide objective and independent judgment to the decision making of the Board and as such, provide an effective check and balance to the Board's decision making process.

With this composition of members, the Board is satisfied that it fairly reflects the investment of the minority shareholders and represents the mix of skills and experiences required for the effective discharge of Board's duties and responsibilities.

There is a clear division of responsibilities between the roles of the Chairman and Managing Director to ensure that there is equilibrium of power and authority in managing and directing the Group. The Chairman is primarily responsible for the effective and efficient conduct and working of the Board whilst the Managing Director oversees the day-to-day management of the Group's business operations and implementation of policies and strategies adopted by the Board.

The Board is of the opinion that the appointment of a Senior Independent Non-Executive Director is not necessary at this stage as the Chairman fully encourages active participation by Directors at Board Meetings.

Statement of Corporate Governance (cont'd)

- **Board Meetings**

During the financial year ended 31 December 2009, a total of six (6) Board meetings were held and the attendance details of individual Board members are shown below;

Name of Director	Designation	No. of meetings attended
Tan Sri Datuk Dr. Yusof Bin Basiran	Non-Independent Non-Executive Chairman	5/6
Lim Chai Beng	Managing Director	6/6
Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah	Executive Director	6/6
Mak Chee Meng	Executive Director	6/6
Lim Chai Huat	Non-Independent Non-Executive Director	6/6
Michael Ting Sii Ching	Independent Non-Executive Director	6/6
Wong Chee Beng	Independent Non-Executive Director	6/6

Board meetings are scheduled every quarter and additional meetings are convened as and when necessary. During the meetings, Board members will deliberate on and consider matters relating to the Group's financial performance, significant investments, corporate development, strategic issues and business plans. Senior Management may be invited to attend these meetings to explain and clarify the relevant matters tabled, if required. All meetings of the Board are duly recorded in the Board Minutes by the Company Secretary.

All Directors have full access to the advice and services of the Company Secretary who ensures that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance issues and the Directors' responsibilities in complying with relevant legislation and regulations. If considered necessary, the Directors may engage suitably qualified professionals at the Group's expense, in fulfilment of their duties.

- **Supply of Information to Board Members**

Board papers providing updates on operations, financial, corporate developments and minutes of the Board Committees are circulated prior to each meeting. This is to provide the Directors sufficient time to enable them to participate in the deliberations of the issues to be raised at the meetings and to make informed decisions.

- **Appointment and Re-election of Directors**

The appointment of Directors is undertaken by the Board as a whole guided by formal recommendations by the Nomination Committee.

In accordance with the Company's Articles of Association, all Board members who are appointed by the Board shall be subject to election by shareholders at the first opportunity of their appointment. The Company's Articles of Association also provide that at least one-third (1/3) of the Directors shall retire by rotation at each Annual General Meeting and that all Directors shall retire once every three (3) years. A retiring Director shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965. Currently, there are no Directors of the Company who is subject to such re-appointment.

- **Directors' Training**

  All members of the Board have attended and successfully completed the Mandatory Accreditation Program as prescribed by Bursa Securities.

  For the financial year ended 31 December 2009, the Directors have attended a training on 10 and 11 August 2009 on the topic 'Corporate Law for Non-legal Professionals'. Other than this training, Mr Wong Chee Beng have also attended the "Maximising Business Performance through Enterprise Management System".

  The Directors have also benefited from various updates on regulatory and legal developments briefed by the Company Secretaries during Board meetings from time to time, with the intention of keeping the Directors abreast with the regulatory and legal related developments.

  The Board of Directors are encouraged to evaluate their own training needs on a regular basis and to determine the relevant programmes, seminars or dialogues available that would best enable them to enhance their skill and knowledge so as to effectively discharge their duties.

BOARD COMMITTEES

Apart from the Audit Committee, there are two additional committees established to assist the Board of Directors in the execution of its responsibilities. All the committees are provided with written terms of reference. Details of the Board committees are provided below.

- **Nomination Committee**

  The Nomination Committee consists of entirely of Non-Executive Directors with majority being Independent Directors. The members of the Nomination Committee are:

  Chairman
  Lim Chai Huat – Non-Independent Non-Executive Director

  Members
  Wong Chee Beng – Independent Non-Executive Director
  Michael Ting Sii Ching – Independent Non-Executive Director

  The primary objective of the Nomination Committee is to evaluate suitability of candidates and make recommendations to the Board for new appointments. The Nomination Committee is also empowered to assess the effectiveness of the Board as a whole.

  The Nomination Committee held one (1) meeting during the year, which was attended by all the members.

- **Remuneration Committee**

  The Remuneration Committee consists of one (1) Executive Director and two (2) Non-Executive Directors. The members of the Remuneration Committee are:

  Chairman
  Michael Ting Sii Ching – Independent Non-Executive Director

  Members
  Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah – Executive Director
  Lim Chai Huat – Non-Independent Non-Executive Director

  The Remuneration Committee is responsible to recommend to the Board the remuneration framework for Directors necessary to attract, retain and motivate the Directors which are reflective of the Directors' experience and level of responsibilities.

Statement of Corporate Governance (cont'd)

- **Remuneration Committee (cont'd)**

It is the ultimate responsibility of the entire Board to approve the remuneration of the Executive Directors and none of the Executive Directors participate in any way in determining their individual remuneration. The remuneration and entitlements of the Non-Executive Directors is a matter of the Board of Directors as a whole, with individual Directors abstaining from decisions in respect of their remuneration.

The Remuneration Committee held one (1) meeting during the year, which was attended by all the members.

- **Audit Committee**

The report of the Audit Committee is set out on pages 15 to 18.

DIRECTORS' REMUNERATION

The aggregate remuneration of Directors for the financial year ended 31 December 2009 are categorised as follows:

(a) Total Remuneration

Director	Salaries RM'000	Fees RM'000	Bonus and Allowances RM'000	Benefit-in-kind RM'000	Total RM'000
Executive	1,029	80	212	17	1,338
Non-Executive	–	155	27	24	206
Total	1,029	235	239	41	1,544

(b) Directors' remuneration by bands

Range of remuneration	Executive	Non-Executive
Below RM100,000	–	3
RM100,001 to RM150,000	–	1
RM200,001 to RM250,000	1	–
RM450,001 to RM500,000	1	–
RM650,001 to RM700,000	1	–

The details of individual Director's remuneration are not disclosed as the Board considers the above disclosures on the Directors' remuneration comply sufficiently with the transparency and accountability aspects of the Code.

ACCOUNTABILITY AND AUDIT

- **Financial Reporting**

The financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group at the end of the financial year. The Board of Directors strives to ensure that the quarterly reports and annual financial statements are presented in a manner which provides a balanced and understandable assessment of the Company's performance and prospect.

A Responsibility Statement by the Directors of their responsibility pursuant to Section 169 of the Companies Act, 1965 is set out on page 27 of the Annual Report.

- **Statement on Internal Control**

  The Board acknowledges its responsibility to establish a sound system of internal control that is maintained and reviewed regularly for its adequacy and integrity.

  The Group's Statement on Internal Control is set on pages 24 to 25 of the Annual Report.

- **Relationship With Auditors**

  The role of the Audit Committee in relation to the external auditors is explained in the Audit Committee Report set out on pages 15 to 18 of the Annual Report.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The timely release of quarterly financial results, press releases and other announcements provide the primary platform for the ongoing communication of the Group's performance and operations to the Company's shareholders and investors. All queries from shareholders and members of public received through phone calls or letters are handled by the Directors. In addition, the Board has taken appropriate steps to ensure that no market information is disclosed to any party prior to making an official announcement to Bursa Securities.

At Annual General Meeting, the Board presents the progress and performance of the Group. The Chairman of the Board gives shareholders ample time and opportunity to question matters of concern to them.

Statement of Internal Control

INTRODUCTION

The Board of Directors remains committed towards ensuring that a sound system of internal control exist s in order to safeguard shareholders' investment and the Group's assets.

The Board is pleased to provide statement on the state of internal control of the Group prepared in accordance with paragraph 15.27(b) of the Listing Requirements of Bursa Securities and the Statement of Internal Control- Guidance for Directors of Public Listed Companies.

BOARD RESPONSIBILITIES

The Board affirms its responsibility for establishing and maintaining a sound system of internal control and risk management practices as well as reviewing the adequacy and integrity of the internal control system. The Board has delegated the abovementioned responsibilities to the Audit Committee. Through the Audit Committee, the Board is kept informed of all significant control issues brought to the attention of the Audit Committee by the Management, the internal audit function and the external auditor.

KEY FEATURE OF GROUP'S INTERNAL CONTROL SYSTEM

1. Control Environment

- **Organisation Structure & Authorisation Procedures**

  The Group maintains a formal organisation structure with well-defined delegation of responsibilities and accountability within the Group's Management. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures in order to enhance the internal control system of the Group's various operations.

- **Periodic Performance Review**

  Actual performance of the Group is monitored against plans to identify and to address significant variances at least once in every quarter.

- **Group Policies and Procedures**

  The Group has documented policies and procedures that are regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Group's business activities at all times as the Group continues to grow.

- **Site Visits and Operation Meetings**

  Regular factory and site visits by members of the Management team, the internal auditor and external consultants are conducted.

  Nevertheless, independent directors had at will participated in selected meetings to appraise operations status.

2. Risk Management Framework

Risk management is regarded by the Board to be integral part of managing business operations. The respective Heads of Departments are responsible for managing risks related to their functions on a day-to-day basis.

Quarterly management meetings are held to ensure that risks faced by the Group are discussed, monitored and appropriately addressed. It is at these meetings that key risks and corresponding controls implemented are communicated amongst the Management team. Significant risks identified are subsequently brought to the attention of the Board at their scheduled meetings.

2. Risk Management Framework (cont'd)

The abovementioned practice and initiatives by the Management serves as the ongoing process used to identify, assess and manage key business, operational and financial risks faced by the Group.

In addition, the Management presented to the Audit Committee on the status of implementation of previously identified management action plans pertaining to key business risks of the Group.

3. Internal Audit Function

The Group's in-house internal audit function is independent from day-to-day operations of the Group. The duties of the Internal Auditors are performed with professional care and without prejudice and it provides the Audit Committee and the Board, the assurance and independent assessment with respect of the adequacy, efficiency and effectiveness of the system of internal control.

The Internal Auditors report directly to the Audit Committee and the internal audit plans are tabled to the Audit Committee for review and approval to ensure adequate coverage. This is documented in the Audit Committee Report on pages 13 to 16 of this Annual Report.

On a quarterly basis, the Group's internal auditors table the results of their review of the business processes of different operating units to the Audit Committee at their scheduled meetings. The status of the implementation of corrective actions to address control weaknesses are also followed up by the internal auditors to ensure that these actions have been satisfactorily implemented.

During the financial year under review, identified weaknesses in internal controls have been directed to the relevant personnel to take the appropriate actions to enhance and strengthen the internal control environment.

4. Information And Communication

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Management's attention are highlighted for review, deliberation and decision on a timely basis.

5. Monitoring and Review

Scheduled management meetings are held to discuss and discuss and review the business planning, budgeting, financial and operational performances.

- Financial and Operational Review

  The quarterly financial statements containing key financial results, operational performance results and comparisons of performance against budget are presented to the Board for their review, consideration and approval.

- Business Planning and Budgeting Review

  The Board plays an active role in discussing and reviewing the business plans, strategies, performance and risk faced by the Group.

6. Conclusion

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will continue to put in place appropriate action plans to further enhance the system of internal controls.

Additional Compliance Information

1. Shares Buy-Backs

During the financial year, the Company purchased 1,005,100 of its issued shares from the open market of Bursa Securities for RM3,144,737.78. The details of the shares bought back and held as treasury shares during the financial year are as follows:

Month	Number of Shares	Buy Back Price Per Share (RM)		Average Price (RM)	Total Cost (RM)
		Lowest	Highest		
June	744,100	3.00	3.28	3.16	2,354,372.42
November	122,500	3.01	3.08	3.05	373,597.85
December	138,500	2.99	3.02	3.01	416,767.51
Total	1,005,100			3.13	3,144,737.78

None of the treasury shares were resold or cancelled during the financial year.

2. Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year under review.

3. American Depository Receipts (“ADR”) or Global Depository Receipt (“GBR”)

The Company did not participate in any ADR or GDR Programme during the financial year.

4. Imposition of Sanction / Penalties

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

5. Non-Audit Fees

There were no non-audit fees paid to the external auditors for the financial year ended 31 December 2009.

6. Variation in Results for the Financial Year

There was no material variance between the audited results for the financial year ended 31 December 2009 and the unaudited results previously announced.

7. Profit Guarantee

There were no profit guarantees given by the Company during the financial year.

8. Material Contracts involving Directors’ and Major Shareholders’ Interests

There was no material contracts entered into by the Company and its subsidiaries involving Directors’ and major shareholders’ interests, which were subsisting at the end of the financial year ended 31 December 2009.

9. Utilisation of Proceeds

There were no proceeds raised from any corporate proposals during the financial year.

10. Revaluation Policy on Landed Properties

The Company has not adopted a revaluation policy on landed properties.

Statement of Directors' Responsibility in Respect of the Preparation of the Financial Statements

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

In preparing the financial statements of the Company and of the Group for the financial year ended 31 December 2009, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

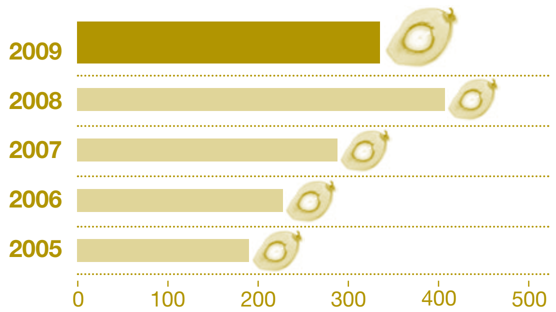
The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the Companies Act, 1965.

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

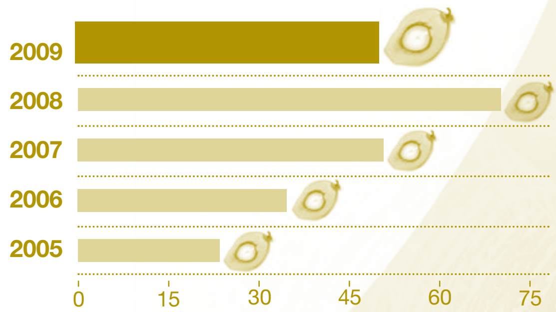
Five Years
Financial Highlights

In RM'000	2005	2006	2007	2008	2009
Turnover	191,327	228,811	289,819	409,903	331,468
Profit Before Taxation	22,897	33,663	48,867	70,562	49,083
Net Profit For The Financial Year	18,120	31,016	46,546	60,686	40,381
Shareholders' Funds	117,339	142,323	177,053	217,941	248,417
Earnings Per Share (Sen)	15.6	22.8	33.8	44.3	29.8

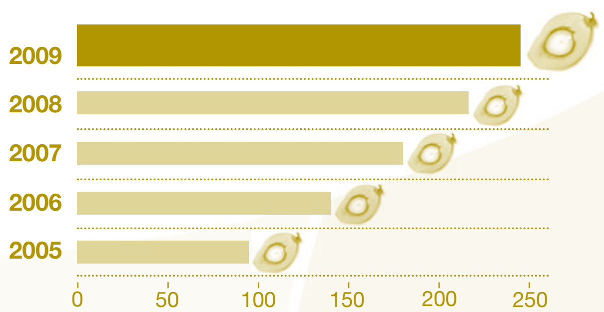
Turnover
(RM million)



Profit Before Taxation
(RM million)



Shareholders' Funds
(RM million)



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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 31 December 2009.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and is involved in the provision of management services whilst the principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Profit after taxation for the financial year	**42,304**	**6,553**
Attributable to:		
Equity holders of the Company	**40,381**	**6,553**
Minority interests	**1,923**	**–**
	42,304	**6,553**

DIVIDENDS

Since the previous financial year, the Company paid an interim exempt dividend of RM0.05 per ordinary share amounting to RM6,798,380 in respect of the previous financial year on 11 February 2009.

The directors declared an interim tax-exempt dividend of RM0.05 per ordinary share amounting to RM6,761,175 in respect of the current financial year. The said interim dividend was paid on 11 September 2009.

The directors do not recommend the payment of any final dividend for the current financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company purchased from the open market, 1,005,100 units of its own shares through purchases on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average buy-back price of RM3.13 per ordinary share. The total consideration paid for acquisition of the shares was RM3,144,800 and was financed by internally generated funds. The shares bought back are held as treasury shares in accordance with Section 67A of the Companies Act 1965 in Malaysia. None of the treasury shares held were resold or cancelled during the financial year.

TREASURY SHARES (cont'd)

As at 31 December 2009, the Company held 2,600,000 shares bought back as treasury shares out of its total issued and paid up share capital of 137,562,500 ordinary shares of RM0.50 each. Such treasury shares are held at a carrying amount of RM8,882,448.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements 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 satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for doubtful debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised 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 render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 38 to the financial statements. At the date of this report, there does not exist:-

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

Directors' Report (cont'd)

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

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the financial statements of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

TAN SRI DATUK DR. YUSOF BIN BASIRAN
TENGKU ARDY ESFANDIARI BIN TENGKU A. HAMID SHAH
LIM CHAI BENG
LIM CHAI HUAT
MAK CHEE MENG
MICHAEL TING SII CHING
WONG CHEE BENG

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
	AT 1.1.2009	BOUGHT	SOLD	AT 31.12.2009
Direct Interests:				
TENGKU ARDY ESFANDIARI BIN TENGKU A. HAMID SHAH	800,000	–	–	800,000
LIM CHAI BENG	41,066,982	–	–	41,066,982
MAK CHEE MENG	3,542,062	–	–	3,542,062
LIM CHAI HUAT	4,502,600	227,000	–	4,729,600
Indirect Interests held through Spouse/Child:*				
TAN SRI DATUK DR. YUSOF BIN BASIRAN	140,000	20,000	(116,000)	44,000
LIM CHAI BENG	2,000	40,000	–	42,000
LIM CHAI HUAT	227,000	–	(227,000)	–

* *Deemed interest through spouse's and/or children's shareholdings by virtue of Section 134(12)(C) of the Companies (Amendment) Act 2007 in Malaysia.*

DIRECTORS' INTERESTS (cont'd)

None of the other directors had any interests in shares in the Company during the financial year.

By virtue of his interest in shares in the Company, Lim Chai Beng is also deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 6A of the Companies Act 1965 in Malaysia.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 40 to the financial statements.

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events of the Group during the financial year are disclosed in Note 42 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

The significant event of the Group subsequent to the balance sheet date is disclosed in Note 43 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath (formerly known as Messrs. Horwath), have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 27 APRIL 2010

Tengku Ardy Esfandiari Bin
Tengku A. Hamid Shah
Director

Lim Chai Beng
Director

Statement **by Directors**

We, **Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah** and **Lim Chai Beng**, being two of the directors of CB Industrial Product Holding Berhad, state that, in the opinion of the directors, the financial statements set out on pages 37 to 84 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2009 and of their results and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 27 APRIL 2010

Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah
Director

Lim Chai Beng
Director

Statutory **Declaration**

I, **Tan Hock Yew**, being the officer primarily responsible for the financial management of **CB Industrial Product Holding Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 37 to 84 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 by
Tan Hock Yew, at Klang in the state of
Selangor Darul Ehsan on this 27 April 2010

Tan Hock Yew

Before Me
Goh Cheng Teak
Commissioner For Oaths

Independent **Auditors' Report**

to the Members of CB Industrial Product Holding Berhad

Report on the Financial Statements

We have audited the financial statements of CB Industrial Product Holding Berhad, which comprise the balance sheets as at 31 December 2009, and the income statements, statements of changes in equity and cash flow statements for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 37 to 84.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which is indicated in Note 6 to the financial statements;

Independent Auditors' Report to the Members of CB Industrial Product Holding Berhad (cont'd)

Report on Other Legal and Regulatory Requirements (cont'd)

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

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

Other Matters

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

Crowe Horwath
Firm No : AF 1018
Chartered Accountants

Lee Kok Wai
Approval No : 2760/06/10 (J)
Chartered Accountant

Kuala Lumpur
27 April 2010

Balance **Sheets**
at 31 December 2009

		THE GROUP		THE COMPANY	
	NOTE	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	6	**–**	–	**103,407**	103,280
Investment in associates	7	**54,794**	54,737	**49,430**	49,430
Investment in jointly controlled entity	8	**10,861**	11,739	**15,187**	10,187
Property, plant and equipment	9	**88,539**	80,260	**939**	1,211
Prepaid land lease payments	10	**55,899**	56,912	**–**	–
Plantation development expenditure	11	**79,223**	74,953	**–**	–
Goodwill on consolidation	12	**16,278**	14,983	**–**	–
Other investments	13	**592**	596	**–**	–
		306,186	294,180	**168,963**	164,108
CURRENT ASSETS					
Inventories	14	**31,292**	48,617	**–**	–
Trade receivables	15	**96,509**	93,676	**–**	–
Amount due from contract customers	16	**20,337**	37,125	**–**	–
Other receivables, deposits and prepayments	17	**13,127**	14,948	**154**	10
Assets held for sale		**–**	393	**–**	–
Tax refundable		**1,270**	395	**157**	53
Fixed and short-term deposits with licensed banks	18	**864**	6,770	**–**	–
Cash and bank balances		**28,862**	20,745	**54**	92
		192,261	222,669	**365**	155
TOTAL ASSETS		**498,447**	516,849	**169,328**	164,263
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	**68,781**	68,781	**68,781**	68,781
Treasury shares	20	**(8,882)**	(5,738)	**(8,882)**	(5,738)
Share premium	21	**5,559**	5,559	**5,559**	5,559
Currency translation reserve		**(441)**	(441)	**–**	–
Retained profits	22	**183,400**	149,780	**19,573**	19,781
TOTAL SHAREHOLDERS' EQUITY		**248,417**	217,941	**85,031**	88,383
MINORITY INTERESTS		**6,878**	4,367	**–**	–
TOTAL EQUITY		**255,295**	222,308	**85,031**	88,383

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

Balance Sheets (cont'd)

	NOTE	THE GROUP 2009 RM'000	THE GROUP 2008 RM'000	THE COMPANY 2009 RM'000	THE COMPANY 2008 RM'000
NON-CURRENT LIABILITIES					
Long-term borrowings	23	**90,571**	112,984	**–**	–
Deferred taxation	24	**10,680**	5,394	**–**	–
		101,251	118,378	**–**	–
CURRENT LIABILITIES					
Trade payables	25	**57,407**	66,079	**–**	–
Amount due to contract customers	16	**13,739**	22,255	**–**	–
Other payables and accruals		**12,827**	13,298	**103**	109
Amount owing to subsidiaries	26	**–**	–	**84,194**	68,973
Amount owing to directors	27	**70**	13	**–**	–
Proposed dividend		**–**	6,798	**–**	6,798
Provision for taxation		**1,726**	3,492	**–**	–
Short-term borrowings	28	**53,908**	61,320	**–**	–
Bank overdrafts	28	**2,224**	2,908	**–**	–
		141,901	176,163	**84,297**	75,880
TOTAL LIABILITIES		**243,152**	294,541	**84,297**	75,880
TOTAL EQUITY AND LIABILITIES		**498,447**	516,849	**169,328**	164,263

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

Income Statements
for the Financial Year Ended 31 December 2009

		THE GROUP		THE COMPANY	
	NOTE	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
REVENUE	29	**331,468**	409,903	**7,821**	35,271
COST OF SALES	30	**(252,117)**	(324,018)	**–**	–
GROSS PROFIT		**79,351**	85,885	**7,821**	35,271
OTHER OPERATING INCOME		**1,912**	4,872	**113**	30
		81,263	90,757	**7,934**	35,301
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		**(20,841)**	(22,611)	**(1,260)**	(1,892)
PROFIT FROM OPERATIONS		**60,422**	68,146	**6,674**	33,409
FINANCE EXPENSES		**(5,888)**	(6,416)	**–**	(16)
SHARE OF PROFIT OF ASSOCIATES		**369**	7,191	**–**	–
SHARE OF (LOSS)/PROFIT OF JOINTLY CONTROLLED ENTITY		**(5,820)**	1,641	**–**	–
PROFIT BEFORE TAXATION	31	**49,083**	70,562	**6,674**	33,393
TAXATION	32	**(6,779)**	(7,629)	**(121)**	(216)
PROFIT AFTER TAXATION FOR THE FINANCIAL YEAR		**42,304**	62,933	**6,553**	33,177
ATTRIBUTABLE TO:					
Equity holders of the Company		**40,381**	60,686	**6,553**	33,177
Minority interests		**1,923**	2,247	**–**	–
		42,304	62,933	**6,553**	33,177
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:					
- Basic	33	**29.8 sen**	44.3 sen		
- Diluted	33	**N/A**	N/A		

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

Statements Of
Changes in Equity
for the Financial Year Ended 31 December 2009

THE GROUP	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	CURRENCY TRANSLATION RESERVE RM'000	RETAINED PROFITS RM'000	TOTAL RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY							
	NON-DISTRIBUTABLE				DISTRIBUTABLE			
Balance at 1.1.2008	68,781	–	5,559	1	102,712	177,053	3,276	180,329
Profit for the financial year	–	–	–	–	60,686	60,686	2,247	62,933
Currency translation differences	–	–	–	(442)*	–	(442)	–	(442)
Final tax-exempt dividend of RM0.05 per ordinary share paid in respect of the previous financial year**	–	–	–	–	(6,820)	(6,820)	–	(6,820)
Interim tax-exempt dividend of RM0.05 per ordinary share in respect of the current financial year**	–	–	–	–	(6,798)	(6,798)	–	(6,798)
Piecemeal acquisition of investment in a subsidiary	–	–	–	–	–	–	(1,156)	(1,156)
Purchase of own shares	–	(5,738)	–	–	–	(5,738)	–	(5,738)
Balance at 31.12.2008	68,781	(5,738)	5,559	(441)	149,780	217,941	4,367	222,308

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

Statements of Changes in Equity (cont'd)

THE GROUP	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY							
	NON-DISTRIBUTABLE				DISTRIBUTABLE			
	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	CURRENCY TRANSLATION RESERVE RM'000	RETAINED PROFITS RM'000	TOTAL RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
Balance at 1.1.2009	68,781	(5,738)	5,559	(441)	149,780	217,941	4,367	222,308
Profit for the financial year	–	–	–	–	40,381	40,381	1,923	42,304
Interim tax-exempt dividend of RM0.05 per ordinary share in respect of the current financial year**	–	–	–	–	(6,761)	(6,761)	–	(6,761)
Acquisition of new subsidiaries	–	–	–	–	–	–	588	588
Purchase of own shares	–	(3,144)	–	–	–	(3,144)	–	(3,144)
Balance at 31.12.2009	**68,781**	**(8,882)**	**5,559**	**(441)**	**183,400**	**248,417**	**6,878**	**255,295**

* Represent gains/(losses) not taken to income statement.

** The dividends are computed based on the outstanding issued and paid-up capital excluding treasury shares held by the Company.

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

Statements of Changes in Equity (cont'd)

THE COMPANY	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	RETAINED PROFITS RM'000	TOTAL EQUITY RM'000
Balance at 1.1.2008	68,781	–	5,559	222	74,562
Profit for the financial year	–	–	–	33,177	33,177
Final tax-exempt dividend of RM0.05 per ordinary share paid in respect of the previous financial year**	–	–	–	(6,820)	(6,820)
Interim tax-exempt dividend of RM0.05 per ordinary share in respect of the current financial year**	–	–	–	(6,798)	(6,798)
Purchase of own shares	–	(5,738)	–	–	(5,738)
Balance at 31.12.2008/ 1.1.2009	68,781	(5,738)	5,559	19,781	88,383
Profit for the financial year	–	–	–	6,553	6,553
Interim tax-exempt dividend of RM0.05 per ordinary share in respect of the current financial year**	–	–	–	(6,761)	(6,761)
Purchase of own shares	–	(3,144)	–	–	(3,144)
Balance at 31.12.2009	**68,781**	**(8,882)**	**5,559**	**19,573**	**85,031**

** The dividends are computed based on the outstanding issued and paid-up capital excluding treasury shares held by the Company.

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

Cash Flow Statements
for the Financial Year Ended 31 December 2009

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	**49,083**	70,562	**6,674**	33,393
Adjustments for:-				
Allowance for doubtful debts	**70**	1,131	**–**	–
Allowance for impairment on quoted investment	**4**	–	**–**	–
Amortisation of plantation development expenditure	**4,150**	2,700	**–**	–
Amortisation of prepaid land lease payments	**996**	746	**–**	–
Bad debts written off	**1**	–	**–**	–
Depreciation of property, plant and equipment	**7,294**	4,020	**105**	164
Interest expense	**5,555**	6,022	**–**	16
Inventories written down	**393**	561	**–**	–
Plant and equipment written off	**143**	–	**–**	–
Allowance for doubtful debts no longer required	**(149)**	(2,594)	**–**	–
Dividend income	**–**	–	**(7,800)**	(35,250)
(Gain)/Loss on disposal of property, plant and equipment	**(50)**	(296)	**81**	–
Loss on disposal of a subsidiary	**–**	46	**–**	–
Interest income	**(120)**	(280)	**–**	–
Negative goodwill on consolidation written off	**–**	(472)	**–**	–
Share of profit/(loss) of:				
- associates	**(369)**	(7,191)	**–**	–
- jointly controlled entity	**5,820**	(1,641)	**–**	–
Unrealised (gain)/loss on foreign exchange	**(300)**	4,407	**–**	–
Operating profit/(loss) before working capital changes	**72,521**	77,721	**(940)**	(1,677)
Decrease/(Increase) in inventories	**16,756**	(21,421)	**–**	–
Decrease in amount due from contract customers, net	**8,272**	20,294	**–**	–
(Increase)/Decrease in trade and other receivables	**(1,190)**	(504)	**(144)**	12,045
(Decrease)/Increase in trade and other payables	**(22,133)**	(23,093)	**(6)**	6
CASH FROM/(FOR) OPERATIONS	**74,226**	52,997	**(1,090)**	10,374
Interest paid	**(5,555)**	(6,022)	**–**	(16)
Tax paid	**(3,764)**	(1,117)	**–**	(216)
Dividend received	**–**	–	**7,575**	42,750
NET CASH FROM OPERATING ACTIVITIES AND BALANCE CARRIED FORWARD	**64,907**	45,858	**6,485**	52,892

Cash Flow Statements (cont'd)

	NOTE	THE GROUP 2009 RM'000	THE GROUP 2008 RM'000	THE COMPANY 2009 RM'000	THE COMPANY 2008 RM'000
BALANCE BROUGHT FORWARD		**64,907**	45,858	**6,485**	52,892
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Interest received		**120**	280	**–**	–
Purchase of a subsidiary		**–**	–	**(127)**	(59,220)
Investment in associates		**–**	(49,430)	**–**	(49,430)
Proceeds from disposal of property, plant and equipment		**3,968**	510	**113**	–
Proceeds from disposal of a subsidiary		**–**	–	**–**	50
Purchase of property, plant and equipment	34	**(17,596)**	(32,355)	**(27)**	(1,107)
Plantation development expenditure incurred		**(825)**	(1,038)	**–**	–
Piecemeal acquisition of investment in a subsidiary		**–**	(689)	**–**	–
Increase in investment of jointly controlled entity		**(5,000)**	(10,137)	**(5,000)**	(10,137)
Net cash outflow on acquisition of subsidiaries	35	**(3,262)**	(57,055)	**–**	–
Net cash outflow on disposal of a subsidiary		**–**	(46)	**–**	–
NET CASH FOR INVESTING ACTIVITIES		**(22,595)**	(149,960)	**(5,041)**	(119,844)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Dividends paid		**(13,560)**	(13,698)	**(13,559)**	(13,698)
Treasury shares		**(3,144)**	(5,738)	**(3,144)**	(5,738)
Advances from subsidiaries		**–**	–	**15,221**	86,630
Proceeds from issuance of shares to minority shareholders		**122**	6	**–**	–
Advances from a director		**23**	13	**–**	–
Drawdown of term loans		**–**	168,725	**–**	–
Drawdown/(Repayment) of revolving credit,net		**58,688**	(3,700)	**–**	–
Repayment of hire purchase obligations		**(412)**	(1,070)	**–**	(244)
Repayment of term loans		**(81,134)**	(18,878)	**–**	–
NET CASH (FOR)/FROM FINANCING ACTIVITIES		**(39,417)**	125,660	**(1,482)**	66,950
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2,895**	21,558	**(38)**	(2)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**24,607**	3,491	**92**	94
Exchange differences on translation of opening balance		**–**	(442)	**–**	–
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	36	**27,502**	24,607	**54**	92

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

Notes to the
Financial Statements
for the Financial Year Ended 31 December 2009

1. GENERAL INFORMATION

The Company is a public company limited by shares, and incorporated and domiciled in Malaysia under the Malaysian Companies Act, 1965. The registered office and principal place of business is Unit 1C, 3C & 5C, 3rd Floor, Block 2, Worldwide Business Centre, Jalan Tinju 13/50, Seksyen 13, 40675 Shah Alam, Selangor Darul Ehsan.

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

2. PRINCIPAL ACTIVITIES

The Company is an investment holding company and is involved in the provision of management services whilst the principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign exchange risks on sales, purchases and investments that are denominated in foreign currencies. It manages its foreign exchange exposure by a policy of matching as far as possible receipts and payments in each individual currency.

In respect of other monetary assets and liabilities held in foreign currencies, the Group carries out reviews periodically to ensure that the net exposure is kept at an acceptable level.

(ii) Interest Rate Risk

The Group obtains financing through bank borrowings and hire purchase arrangements. The policy is to utilise a suitable mix of both fixed and floating rate financial instruments and to obtain the most favourable interest rates available.

Information relating to the Group's interest rate exposure is disclosed in Note 28 to the financial statements.

Surplus funds are placed with reputable financial institutions at the most favourable interest rates.

(iii) Price Risk

The Group's principal exposure to market risks arises mainly from changes in market prices of its quoted investments. The Group manages this exposure by prudent investment policies and procedures.

The Group is exposed to price fluctuation risk on commodities mainly of palm oil. The Group mitigates its risks to the price volatility through hedging in the futures market and where deemed prudent, selling forward in the physical market.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

Notes to the Financial Statements (cont'd)

3. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

The Group manages its exposure to credit risk by the application of appropriate credit approvals, credit limits and monitoring procedures on an ongoing basis.

(c) Liquidity and Cash Flow Risks

The Group manages its liquidity risk by maintaining sufficient cash and the availability of funding through adequate committed credit facilities to meet estimated commitments arising from operational expenditure and financial liabilities. The Group also has effective cash management to ensure that the Group can pay its dividends to shareholders at an appropriate time.

4. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

The Group and of the Company have not applied in advance the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year.

FRSs/IC Interpretations	Effective date
Revised FRS 1 (2010) First-time Adoption of Financial Reporting Standards	1 July 2010
Revised FRS 3 (2010) Business Combinations	1 July 2010
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 8 Operating Segments	1 July 2009
Revised FRS 101 (2009) Presentation of Financial Statements	1 January 2010
Revised FRS 123 (2009) Borrowing Costs	1 January 2010
Revised FRS 127 (2010) Consolidated and Separate Financial Statements	1 July 2010
Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 2 Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2 Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010
Amendments to FRS 5 Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9	1 January 2010

4. BASIS OF PREPARATION (cont'd)

FRSs/IC Interpretations	Effective date
Amendments to FRS 7 Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 132 Classification of Rights Issues and the Transitional Provision In Relation To Compound Instruments	1 January 2010/ 1 March 2010
Amendments to FRS 138 Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
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 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9 Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 2010
Annual Improvements to FRSs (2009)	1 January 2010

The above FRSs, IC Interpretations and amendments are not relevant to the Group's operations except as follows:-

Revised FRS 3 (2010)
The revised FRS 3 (2010) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied 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.

Revised FRS 4
The Group considers financial guarantee contracts entered into to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Group will be required to make a payment under the guarantee. The adoption of FRS 4 is expected to have no material impact on the financial statements of the Group.

FRS 7, Revised FRS 139 (2010) and subsequent amendments
The possible impacts of FRS 7 (including the subsequent amendments) and the revised FRS 139 (2010) on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

Revised FRS 8
FRS 8 replaces FRS 114_{2004} Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

Notes to the Financial Statements (cont'd)

4. BASIS OF PREPARATION (cont'd)

Revised FRS 101 (2009)
The revised FRS 101 (2009) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. 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 statements. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements in the next financial year.

Revised FRS 127 (2010)
The revised FRS 127 (2010) 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 interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of the revised FRS 127 (2010) 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.

Amendments to FRS 1 and FRS 127
Amendments to FRS 1 and FRS 127 remove the definition of "cost method" currently set out in FRS 127, and instead require an investor to recognise all dividend from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Company for the current financial year but may impact the accounting for future transactions or arrangements.

IC Interpretation 9
IC Interpretation 9 requires embedded derivatives to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date the entity first became a party to the contract. The possible impacts of IC Interpretation 9 on the financial statements upon its initial application are not disclosed by virtue of the exemptions given under the revised FRS 139 (2010).

IC Interpretation 10
IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

Amendments to IC Interpretation 9
Amendments to IC Interpretation 9 are a consequential amendment from the revised FRS 3 (2010). These amendments are expected to have no material impact on the financial statements of the Group upon its initial application.

Annual Improvements 2009
Annual Improvements to FRSs (2009) contain amendments to 21 accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application except for leasehold land where in substance a finance lease will be reclassified from prepaid lease payments to property, plant and equipment and measured as such retrospectively.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(i) Depreciation of Property, Plant and Equipment

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

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

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Amortisation of Plantation Development Expenditure

Plantation development expenditure is amortised on a straight-line basis over the expected useful life of oil palm trees. Significant management judgement is required to determine the expected useful life of oil palm trees, taking into account such factor as soil condition.

(iii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iv) Impairment of Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(v) Allowance for Doubtful Debts of Receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, 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 of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Critical Accounting Estimates And Judgements (cont'd)

(vi) Allowance for Inventories

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

(vii) Construction Contracts

Construction contract accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

(a) Contract Revenue

Construction contract accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

(b) Contract Costs

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

(viii) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

(b) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an 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.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(c) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2009.

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

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Basis of Consolidation (cont'd)

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated, unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated balance sheets consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented in the consolidated balance sheets of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statements of the Group.

(d) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment loss, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combination, the excess is recognised immediately in the consolidated income statement.

(e) Investments

(i) Subsidiaries

Investments in subsidiaries are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investment in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(ii) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises

Notes to the Financial Statements (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Investments (cont'd)

(ii) Associates (cont'd)

its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

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

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

Investments in associates are stated at cost at the balance sheet of the Company are reviewed for impairment.

On the disposal of such investments, the differences between the net disposal proceeds and their carrying amounts are included in the income statement.

(iii) Jointly Controlled Entities

Jointly controlled entities are corporations, partnerships or other entities over which there is a contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control. The Groups interests in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting.

Equity accounting involves recognising in the consolidated income statement and consolidated statement of changes in equity, the Group's share of profits less losses of jointly controlled entities based on the latest audited financial statements or management accounts of the companies concerned. Where necessary, adjustments are made to the results and net assets of jointly controlled entities to ensure consistency of accounting policies with those of the Group. The Group's investment in jointly controlled entities is recorded at cost inclusive of goodwill and adjusted thereafter for accumulated impairment loss and the post acquisition change in the Group's share of net assets of the jointly controlled entities.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are also eliminated on the same basis but only to the extent of the costs that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment of the asset transferred are recognised in the consolidated income statement.

(iv) Other Investments

Other investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Investments (cont'd)

(iv) Other Investments (cont'd)

Marketable securities are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of the business on the balance sheet date. Increases/decreases in the carrying amount of marketable securities are credited/debited to the income statement.

(f) Leases

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

All other leases are classified as operating leases and, except for leasehold land classified as investment property, the leased assets are not recognised on the balance sheet. All lease rentals payable are accounted for on a straight-line basis over the lease term and included in other operating expenses.

Leasehold land that normally has an indefinite economic life and where title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring leasehold land is accounted for as prepaid lease payments at the balance sheet date. In the case of a lease of land and buildings, the prepaid lease payments are allocated, whenever necessary, between the land element and the buildings element of the lease at the inception of the lease in proportion to their relative fair value. The prepaid lease payments are amortised over the lease terms in accordance with the pattern of benefits provided.

Leases of plant and equipment where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the lease period. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes places.

(g) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less impairment losses, if any, and is not depreciated.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	1% - 5%
Estate access road	5%
Factory equipment and machinery	10% - 20%
Furniture, fittings and office equipment	10% - 20%
Mill	5% - 10%
Motor vehicles	10% - 20%
Renovation	10% - 20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date 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 the property, plant and equipment.

Notes to the Financial Statements (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Property, Plant and Equipment (cont'd)

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

Capital work-in-progress is stated at cost, and will be transferred to the relevant category of long term assets and depreciated accordingly when the assets are completed and ready for commercial use.

Fully depreciated 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 plant and equipment.

(h) Plantation Development Expenditure

Plantation development expenditure comprise cost of planting and development of oil palm. Plantation development expenditure are stated at cost less accumulated amortisation and impairment losses, if any, consistent with the accounting policy for property, plant and equipment as stated in Note 5(g) to the financial statements.

Expenditure incurred on newly planted areas up to the time of maturity is capitalised under plantation development expenditure. This expenditure will be amortised over its estimated useful life commencing from the year of maturity of the crop that is normally 3 years from planting. Subsequent expenditure incurred on planted areas is expensed off to the income statement.

Plantation development expenditure is amortised on a straight-line basis over a period of 25 years commencing from the year of maturity of the crop.

(i) Capitalisation of Borrowing Costs

Borrowing costs incurred to finance plantation development expenditure that require a substantial period of time to be ready for their commercial harvesting are capitalised. Capitalisation of borrowing costs will cease when the crops are ready for commercial harvesting.

(j) Impairment of Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Assets Under Hire Purchase

Plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(g) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statement over the period of the respective hire purchase agreements.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in-first-out basis, and comprises the cost of materials and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes cost of materials and an appropriate proportion of production overheads.

Cost of crude palm oil, palm kernel includes raw materials, direct labour and an appropriate share of production overheads based on normal operating capacity.

Nursery inventories comprising seedling remaining in nursery for eventual field planting are valued at the lower of cost and net realisable value. Cost is determined using the first-in-first-out basis, and comprising the cost of materials, direct labour and appropriate proportion of planting production overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

(m) Amount Due From/(To) Contract Customers

The amount due from/(to) contract customers is stated at cost plus profit attributable to contracts in progress less progress billings and provision for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

(n) Receivables

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

(o) Payables

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

(p) Interest-bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

All other borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

(q) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Purchase of Own Shares

When the share capital recognised as equity is bought by the Company under the share buy-back programme, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Shares bought that are not subsequently cancelled are classified as treasury shares and presented as a deduction from the total equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in shareholders' equity.

(s) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs 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 assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(t) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic enviroment in which the entity operates, which is the functional currency. The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition in the functional currencies, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the balance sheet date. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of translations. All exchange differences arising on translation are recognised directly in equity.

(u) Cash and Cash Equivalents

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

(v) Segmental Information

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation, where applicable), inventories, receivables, and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include deferred tax assets, whilst segment liabilities do not include provision for taxation and borrowings from financial institutions.

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

(w) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(x) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

Notes to the Financial Statements (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Related Parties (cont'd)

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(y) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

(z) Revenue Recognition

(i) Revenue from Contract Income

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case the revenue on contracts will only be recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

(ii) Sale of Goods

Revenue are recognised upon the delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(iii) Dividend Income

Dividend income from investment in subsidiaries is recognised upon declaration by the subsidiaries. Dividend income from other investments is recognised when the right to receive the dividend is established.

(iv) Other Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

Fee, rental and commission income are recognised on an accrual basis.

6. INVESTMENT IN SUBSIDIARIES

	THE COMPANY 2009 RM'000	2008 RM'000
Unquoted shares, at cost:-		
At 1 January	**103,280**	44,160
Acquired during the financial year	**127**	59,220
Disposed of during the financial year	**–**	(50)
Transfer to investment in jointly controlled entity (Note 8)	**–**	(50)
At 31 December	**103,407**	103,280

Details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2009	2008	Principal Activities
Modipalm Engineering Sdn. Bhd.	Malaysia	**100%**	100%	Manufacturer of palm oil mill equipment and related spare parts, provision of engineering support, commissioning and contracting works for palm oil mills.
Sachiew Plantations Sdn. Bhd.	Malaysia	**100%**	100%	Cultivation of oil palm and production of crude palm oil and palm kernel.
Empresa (M) Sendirian Berhad	Malaysia	**100%**	100%	Cultivation of oil palm.
CBIP (PNG) Limited*#	Papua New Guinea	**100%**	100%	Providing engineering support and contracting works for palm oil mills.
AVP Engineering (Malaysia) Sdn. Bhd.	Malaysia	**51%**	51%	Retrofitting special purpose vehicles.
Advance Boilers Sdn. Bhd.	Malaysia	**100%**	100%	Manufacturing and servicing boilers.
C.B. Industrial Product Sdn. Bhd.	Malaysia	**100%**	100%	Manufacturer of palm oil mill equipment and related spare parts, provision of engineering support, commissioning and contracting works for palm oil mills.
Avecpalm Marketing Resources Sdn. Bhd.	Malaysia	**60%**	60%	Trading of palm oil mill processing equipment and carrying out contracting work for palm oil mills.
PT. CB Polaindo*#	Indonesia	**95%**	95%	Providing engineering support and contracting works for palm oil mills.
Magview Machinery Sdn. Bhd.	Malaysia	**51%**	–	Constructing mills, factories, building, composting effluent plants and contracting works.
Midas Portfolio Sdn. Bhd.*	Malaysia	**100%**	100%	Investment holding.
Steam-Mech Engineering Sdn. Bhd.*	Malaysia	**100%**	100%	Investment holding.
Avecpalm Engineering (Malaysia) Sdn. Bhd.	Malaysia	**100%**	100%	Dormant.
PT. Sawit Lamandau Raya**#	Indonesia	**85%**	–	Cultivation of oil palm.

* *held through C.B. Industrial Product Sdn. Bhd.*
** *held through Steam-Mech Engineering Sdn. Bhd.*
# *not audited by Messrs. Crowe Horwath.*

Notes to the Financial Statements (cont'd)

7. INVESTMENT IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted shares, at cost	**49,430**	49,430	**49,430**	49,430
Share of post acquisition profit	**5,364**	5,307	**–**	–
	54,794	54,737	**49,430**	49,430

	THE GROUP	
	2009 RM'000	2008 RM'000
Net interest represented by:-		
Net assets	**2,217**	2,160
Goodwill	**52,577**	52,577
	54,794	54,737

Details of the associates, which are incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest 2009	Effective Equity Interest 2008	Principal Activities
Bahtera Bahagia Sdn. Bhd. #	**30%**	30%	Cultivation of oil palm.
Kumpulan Kris Jati Sdn. Bhd. #	**30%**	30%	Cultivation of oil palm and production of crude palm oil and palm kernel.

not audited by Messrs. Crowe Horwath.

The summarised financial information of the associates is as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Results		
Revenue	**126,304**	175,277
Profit for the financial year	**190**	19,720
Assets and liabilities		
Non-current assets	**261,243**	258,108
Currents assets	**61,287**	47,618
Currents liabilities	**(42,124)**	(49,081)
Non-current liabilities	**(273,014)**	(249,443)
Net assets	**7,392**	7,202

Included in the investment in associates is an amount of approximately RM52.577 million (2008 - RM52.577 million) which represents goodwill arising from the investment in associates. This amount is reviewed for impairment annually.

During the financial year, the Group assessed the recoverable amount of goodwill included in the investment in associates, and determined that goodwill is not impaired.

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating unit identified according to business segment. The recoverable amount of a cash-generating unit is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of five years. The key assumptions used for value-in-use calculations are:-

7. INVESTMENT IN ASSOCIATES (cont'd)

Key assumptions

(i) *Budgeted gross margin*

The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements and cost saving measures.

(ii) *Growth rate*

The growth rate used is based on the expected projection of the fresh fruit bunches and the yield on plantation.

(iii) *Discount rate*

The discount rate used is pre-tax and reflect specific risks relating to the relevant segments.

8. INVESTMENT IN JOINTLY CONTROLLED ENTITY

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted shares, at cost:				
At 1 January	**10,187**	–	**10,187**	–
Purchase/Subscription of additional shares in jointly controlled entity	**5,000**	10,137	**5,000**	10,137
Transfer from investment in subsidiary (Note 6)	**–**	50	**–**	50
	5,000	10,187	**5,000**	10,187
At 31 December	**15,187**	10,187	**15,187**	10,187
Share of post acquisition (loss)/profit	**(4,326)**	1,552	**–**	–
	10,861	11,739	**15,187**	10,187

	THE GROUP	
	2009 RM'000	2008 RM'000
Net interest represented by:-		
Net assets	**12,224**	13,102
Negative goodwill	**(1,363)**	(1,363)
	10,861	11,739

Details of the jointly controlled entity, which is incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest 2009	Effective Equity Interest 2008	Principal Activities
Pride Palm Oil Mill Sdn. Bhd. #	**50%**	50%	Investment holding.
Solar Green Sdn. Bhd.#*	**50%**	50%	Cultivation of oil palm and production of crude palm oil and palm kernel.

\# *not audited by Messrs. Crowe Horwath.*

* *wholly owned subsidiary of Pride Palm Oil Mill Sdn. Bhd.*

Notes to the Financial Statements (cont'd)

8. INVESTMENT IN JOINTLY CONTROLLED ENTITY (cont'd)

The summarised financial information of the jointly controlled entity is as follows:-

	THE GROUP 2009 RM'000	THE GROUP 2008 RM'000
Results		
Revenue	**19,653**	12,783
(Loss)/Profit for the financial year	**(11,757)**	6,208
Assets and liabilities		
Non-current assets	**98,120**	99,185
Currents assets	**14,186**	14,751
Currents liabilities	**(22,860)**	(7,733)
Non-current liabilities	**(65,000)**	(80,000)
Net assets	**24,446**	26,203

9. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	NET CARRYING AMOUNT AT 1.1.2009 RM'000	NET CARRYING AMOUNT AT DATE OF ACQUISITION OF SUBSIDIARIES RM'000	ADDITIONS RM'000	DISPOSALS/ WRITTEN OFF RM'000	TRANSFER RM'000	DEPRECIATION CHARGE RM'000	NET CARRYING AMOUNT AT 31.12.2009 RM'000
Freehold land and buildings	4,783	–	–	–	–	(65)	**4,718**
Buildings	26,452	–	152	–	–	(982)	**25,622**
Mill	–	–	–	–	23,590	(2,092)	**21,498**
Estate access road	9,729	–	3,463	–	–	(723)	**12,469**
Factory equipment and machinery	9,346	14	1,238	(3,344)	–	(1,744)	**5,510**
Furniture, fittings and office equipment	1,707	42	402	(16)	–	(366)	**1,769**
Motor vehicles	3,673	308	1,673	(558)	–	(1,254)	**3,842**
Renovation	524	–	33	–	–	(110)	**447**
Capital work-in-progress	24,046	36	12,315	(143)	(23,590)	–	**12,664**
Total	80,260	400	19,276	(4,061)	–	(7,336)	**88,539**

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

THE GROUP	NET CARRYING AMOUNT AT 1.1.2008 RM'000	NET CARRYING AMOUNT AT DATE OF ACQUISITION OF SUBSIDIARY RM'000	ADDITIONS RM'000	DISPOSALS RM'000	RECLASSIFIED TO ASSETS HELD FOR SALE RM'000	TRANSFER RM'000	DEPRECIATION CHARGE RM'000	NET CARRYING AMOUNT AT 31.12.2008 RM'000
Freehold land and buildings	4,848	–	–	–	–	–	(65)	4,783
Buildings	14,080	3,744	2,328	(148)	–	7,055	(607)	26,452
Estate access road	1,098	6,037	2,941	–	–	–	(347)	9,729
Factory equipment and machinery	9,782	288	650	–	–	–	(1,374)	9,346
Furniture, fittings and office equipment	1,275	56	700	(4)	–	–	(320)	1,707
Motor vehicles	3,891	263	835	(62)	–	–	(1,254)	3,673
Renovation	188	–	443	–	–	–	(107)	524
Capital work-in-progress	5,758	284	25,273	–	(214)	(7,055)	–	24,046
Total	40,920	10,672	33,170	(214)	(214)	–	(4,074)	80,260

THE GROUP AS AT 31.12.2009	COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET CARRYING AMOUNT RM'000
Freehold land and buildings	5,666	(948)	4,718
Buildings	30,158	(4,536)	25,622
Mill	23,590	(2,092)	21,498
Estate access road	14,467	(1,998)	12,469
Factory equipment and machinery	11,527	(6,017)	5,510
Furniture, fittings and office equipment	3,890	(2,121)	1,769
Motor vehicles	12,128	(8,286)	3,842
Renovation	912	(465)	447
Capital work-in-progress	12,664	–	12,664
Total	**115,002**	**(26,463)**	**88,539**
AS AT 31.12.2008			
Freehold land and buildings	5,666	(883)	4,783
Buildings	30,006	(3,554)	26,452
Estate access road	11,003	(1,274)	9,729
Factory equipment and machinery	15,216	(5,870)	9,346
Furniture, fittings and office equipment	3,458	(1,751)	1,707
Motor vehicles	11,756	(8,083)	3,673
Renovation	879	(355)	524
Capital work-in-progress	24,046	–	24,046
Total	102,030	(21,770)	80,260

Notes to the Financial Statements (cont'd)

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

THE COMPANY	NET CARRYING AMOUNT AT 1.1.2009 RM'000	ADDITIONS RM'000	DISPOSAL RM'000	DEPRECIATION CHARGE RM'000	NET CARRYING AMOUNT AT 31.12.2009 RM'000
Furniture, fittings and office equipment	137	18	–	(38)	**117**
Motor vehicles	194	–	(194)	–	**–**
Renovation	232	9	–	(60)	**181**
Buildings	648	–	–	(7)	**641**
Total	1,211	27	(194)	(105)	**939**

THE COMPANY	NET CARRYING AMOUNT AT 1.1.2008 RM'000	ADDITIONS RM'000	DEPRECIATION CHARGE RM'000	NET CARRYING AMOUNT AT 31.12.2008 RM'000
Furniture, fittings and office equipment	8	162	(34)	136
Motor vehicles	260	–	(65)	195
Renovation	–	290	(58)	232
Buildings	–	655	(7)	648
Total	268	1,107	(164)	1,211

AS AT 31.12.2009	COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET CARRYING AMOUNT RM'000
Furniture, fittings and office equipment	190	(73)	117
Renovation	299	(118)	181
Buildings	655	(14)	641
Total	**1,144**	**(205)**	**939**
AS AT 31.12.2008			
Furniture, fittings and office equipment	171	(35)	136
Motor vehicles	324	(129)	195
Renovation	290	(58)	232
Buildings	655	(7)	648
Total	1,440	(229)	1,211

Property, plant and equipment of the Group pledged as security for banking facilities granted to certain subsidiaries are as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
At net carrying amount:-		
Building	**6,276**	–
Mill	**21,498**	–

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Included in the plant and equipment at the balance sheet date were the following assets acquired under hire purchase terms:-

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At net carrying amount:-				
Motor vehicles	**1,670**	1,394	**–**	–
Plant and machinery	**1,156**	399	**–**	–

Depreciation charge for the financial year is allocated as follows:-

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Amount charged to income statement	**7,294**	4,020	**–**	–
Amount capitalised in plantation development expenditure (Note 11)	**42**	54	**–**	–
	7,336	4,074	**–**	–

10. PREPAID LAND LEASE PAYMENTS

THE GROUP	NET CARRYING AMOUNT AT 1.1.2009 RM'000	AMORTISATION CHARGE RM'000	NET CARRYING AMOUNT 31.12.2009 RM'000
Short-term leasehold land	20,078	(555)	**19,523**
Long-term leasehold land	36,834	(458)	**36,376**
Total	56,912	(1,013)	**55,899**

THE GROUP	NET CARRYING AMOUNT AT 1.1.2008 RM'000	NET CARRYING AMOUNT AT DATE OF ACQUISITION OF SUBSIDIARY RM'000	TRANSFER TO ASSETS HELD FOR SALE RM'000	AMORTISATON CHARGE RM'000	NET CARRYING AMOUNT AT 31.12.2008 RM'000
Short-term leasehold land	20,813	–	(179)	(556)	20,078
Long-term leasehold land	7,483	29,577	–	(226)	36,834
Total	28,296	29,577	(179)	(782)	56,912

Notes to the Financial Statements (cont'd)

10. PREPAID LAND LEASE PAYMENTS (cont'd)

AS AT 31.12.2009	COST RM'000	ACCUMULATED AMORTISATION RM'000	NET CARRYING AMOUNT RM'000
Short-term leasehold land	23,293	(3,770)	19,523
Long-term leasehold land	38,457	(2,081)	36,376
Total	**61,750**	**(5,851)**	**55,899**
AS AT 31.12.2008			
Short-term leasehold land	23,293	(3,215)	20,078
Long-term leasehold land	38,457	(1,623)	36,834
Total	61,750	(4,838)	56,912

The leasehold land with a net carrying amount of approximately RM51.164 million (2008 - RM52.125 million) has been charged as collateral to licensed banks for term loan facilities granted to certain subsidiaries.

Amortisation charge for the financial year is allocated as follows:-

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Amount charged to income statement	**996**	746	**–**	–
Amount capitalised in plantation development expenditure (Note 11)	**17**	36	**–**	–
	1,013	782	**–**	–

11. PLANTATION DEVELOPMENT EXPENDITURE

	THE GROUP	
	2009 RM'000	2008 RM'000
Cost:		
At 1 January	**92,389**	34,440
Arising from acquisition of a subsidiary	**7,536**	56,821
Incurred during the financial year	**825**	1,038
Capitalisation of:		
- amortisation of prepaid land lease payments (Note 10)	**17**	36
- depreciation of property, plant and equipment (Note 9)	**42**	54
	884	1,128
At 31 December	**100,809**	92,389
Accumulated Amortisation:		
At 1 January	**(17,436)**	(8,516)
Arising from acquisition of a subsidiary	**–**	(6,220)
Amortised during the financial year	**(4,150)**	(2,700)
At 31 December	**(21,586)**	(17,436)
Net carrying amount	**79,223**	74,953

The plantation development expenditure has been pledged as collateral to licensed banks for term loan facilities granted to certain subsidiaries.

12. GOODWILL ON CONSOLIDATION

	THE GROUP	
	2009 RM'000	2008 RM'000
At 1 January	**14,983**	10,130
Arising from acquisition of subsidiaries (Note 35)	**1,295**	4,853
At 31 December	**16,278**	14,983

Impairment testing

Goodwill is allocated to the Group's cash generating unit ("CGU") identified according to the individual company.

Goodwill is tested for impairment on an annual basis by comparing the carrying amount within the recoverable amount of the CGU. The recoverable amount of a CGU is determined based on value-in-use calculation using cash flow projections from the financial budgets and forecast approved by the management covering a five year period.

Key assumptions used in the value-in-used calculations are:

(i) the pre-tax discount rate used is 9.5%;

(ii) the growth rate used for CGU which is involved in the cultivation of oil palm plantation is determined based on the management's estimate of commodity prices, palm yields, oil extraction rates as well as cost of productions whilst growth rates of companies in order segments are determined based on the industry trends and past performances of the respective companies; and

(iii) profit margins are projected based on historical profit margin achieved.

In assessing the value-in-use, the management is of the view that no foreseeable changes in any of the above key assumptions would cause the carrying amounts of the respective CGUs to materially exceed their recoverable amounts.

13. OTHER INVESTMENTS

	THE GROUP	
	2009 RM'000	2008 RM'000
Quoted shares, at cost	**116**	116
Allowance for impairment loss	**(88)**	(84)
	28	32
Golf club membership	**564**	564
	592	596
Market value of quoted shares	**23**	16

Notes to the Financial Statements (cont'd)

14. INVENTORIES

	THE GROUP	
	2009 RM'000	2008 RM'000
At cost:		
Raw materials	**4,886**	15,992
Work-in-progress	**12,945**	9,055
Finished goods	**8,928**	19,809
Nursery oil palm trees	**113**	811
Crude palm oil and palm kernel	**1,619**	–
Estate consumables and fertilisers	**1,302**	325
	29,793	45,992
At net realisable value:		
Raw materials	**1,499**	2,625
	31,292	48,617

15. TRADE RECEIVABLES

	THE GROUP	
	2009 RM'000	2008 RM'000
Gross trade receivables	**99,134**	96,380
Allowance for doubtful debts:		
At 1 January	**(2,704)**	(4,167)
Increase during the financial year	**(70)**	(1,131)
Allowance no longer required	**149**	2,594
At 31 December	**(2,625)**	(2,704)
Net trade receivables	**96,509**	93,676

The Group's normal trade credit terms range from 30 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of the trade receivables is as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
United States Dollar	**52,969**	31,737

16. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	THE GROUP 2009 RM'000	THE GROUP 2008 RM'000
Costs incurred	**701,334**	526,415
Attributable profit	**133,297**	91,805
	834,631	618,220
Progress billings	**(828,033)**	(603,350)
Net amount due from contract customers	**6,598**	14,870
Amount due from contract customers	**20,337**	37,125
Amount due to contract customers	**(13,739)**	(22,255)
	6,598	14,870
Advances received on contracts included in amounts due from/(to) contract customers	**4,551**	6,933

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in other receivables of the Group is an amount of RM242,889 (2008 - Nil) in respect of a deposit paid for the acquisition of a piece of landed property from a third party as disclosed in Note 43 to the financial statements.

18. FIXED AND SHORT-TERM DEPOSITS WITH LICENSED BANKS

Included in fixed and short-term deposits with licensed banks of the Group is an amount of RM499,889 (2008 - RM6,412,388) have been pledged as collateral to a licensed bank to secure for banking facilities granted to a subsidiary.

The average effective interest rate of the fixed and short-term deposits at the balance sheet date was 2.38% (2008 - 2.60%) per annum. The fixed and short term deposits have maturity period of 1 month (2008 - 1 month to 12 months).

19. SHARE CAPITAL

	THE COMPANY NUMBER OF SHARES 2009 '000	NUMBER OF SHARES 2008 '000	2009 RM'000	2008 RM'000
Authorised				
Ordinary shares of RM0.50 each	**200,000**	200,000	**100,000**	100,000
Issued And Fully Paid				
Ordinary shares of RM0.50 each	**137,562**	137,562	**68,781**	68,781

Notes to the Financial Statements (cont'd)

20. TREASURY SHARES

The shareholders of the Company by an ordinary resolution passed in the Twelfth Annual General Meeting held on 12 June 2009, renewed their approval for the Company's plan to purchase its own ordinary shares from the open market under the share buy-back programme.

The total shares purchased under the share buy-back programme were financed by internally generated funds. The shares purchased were retained as treasury shares and are presented as a deduction from shareholders' equity.

Details of the treasury shares are as follows:-

DATE	AVERAGE SHARE PRICE RM	NUMBER OF SHARES	TOTAL CONSIDERATION RM'000
Prior to year 2009	–	1,594,900	5,738
June 2009	3.16	744,100	2,354
November 2009	3.05	122,500	374
December 2009	3.01	138,500	416
Balance at 31 December 2009		**2,600,000**	**8,882**

21. SHARE PREMIUM

	THE GROUP AND COMPANY	
	2009 RM'000	2008 RM'000
At 1 January/31 December	**5,559**	5,559

The share premium account is not distributable for the purpose of declaring cash dividends.

22. RETAINED PROFITS

Subject to the agreement with tax authorities, at the balance sheet date, the Company have sufficient tax credits under Section 108 of the Income Tax Act, 1967 and tax-exempt income to frank the payment of dividends out of its entire retained profits without incurring additional tax liabilities.

At the balance sheet date, the Company has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Company's profits is a final tax, and dividends distributed to the shareholders will be exempted from tax.

23. LONG-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Minimum hire purchase payments:				
- not later than one year	**825**	438	**–**	–
- later than one year and not later than five years	**1,648**	576	**–**	–
	2,473	1,014	**–**	–
Future finance charges	**(297)**	(106)	**–**	–
Present value of hire purchase payables	**2,176**	908	**–**	–
- repayable not later than one year (Note 28)	**(719)**	(393)	**–**	–
- repayable later than one year and not later than five years	**1,457**	515	**–**	–
Term loans	**78,315**	159,449	**–**	–
Repayable within twelve months (Note 28)	**(37,689)**	(46,980)	**–**	–
Repayable after twelve months	**40,626**	112,469	**–**	–
Revolving credit	**48,488**	–	**–**	–
	90,571	112,984	**–**	–

Details of the term loans outstanding at the balance sheet date are as follows:-

	Number of Instalments	Instalment Amount RM'000	Date of Commencement of Repayment	THE GROUP Amount Outstanding at the Balance Sheet Date 2009 RM'000	2008 RM'000
Term loan 1	25/monthly	192	July 2007	**3,080**	3,864
Term loan 2	20/quarterly	3,000	Feb 2008	**42,000**	54,000
Term loan 3	33/monthly	2,101	Aug 2008	**33,235**	58,835
Term loan 4	20/quarterly	2,250	Dec 2008	**–**	42,750
				78,315	159,449

The term loans are secured as follows:-

(a) by legal charges over the plantation development expenditure of certain subsidiaries of the Company;

(b) by legal charges over the leasehold land belonging to certain subsidiaries of the Company; and

(c) by corporate guarantees issued by the Company.

Notes to the Financial Statements (cont'd)

24. DEFERRED TAXATION

	THE GROUP 2009 RM'000	2008 RM'000
At 1 January	**5,394**	6,903
Arising from acquisition of a subsidiary	**–**	(3,778)
Transfer from income statement (Note 32)	**4,583**	3,499
Under/(Over)provision in prior financial years (Note 32)	**703**	(262)
	10,680	6,362
Effects of changes in tax rates:		
- current financial year	**–**	(464)
- overprovision in prior financial years	**–**	(504)
	–	(968)
At 31 December	**10,680**	5,394

Presented after appropriate offsetting as follows:-

	THE GROUP 2009 RM'000	2008 RM'000
Deferred tax assets	**(5,587)**	(10,199)
Deferred tax liabilities	**16,267**	15,593

25. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 days to 120 days.

The foreign currency exposure profile of the trade payables is as follows:-

	THE GROUP 2009 RM'000	2008 RM'000
Euro	**293**	332
United States Dollar	**883**	–

26. AMOUNT OWING TO SUBSIDIARIES

The amount owing is non-trade in nature, unsecured, interest-free and repayable upon demand. The amount owing is to be settled in cash.

27. AMOUNT OWING TO DIRECTORS

The amounts owing are unsecured, interest-free and repayable upon demand. The amount owing is to be settled in cash.

28. SHORT-TERM BORROWINGS/BANK OVERDRAFTS

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short-term borrowings comprise the following:-				
Current portion of hire purchase payables (Note 23)	**719**	393	**–**	–
Current portion of term loans (Note 23)	**37,689**	46,980	**–**	–
Bills payable	**2,000**	10,647	**–**	–
Revolving credit	**13,500**	3,300	**–**	–
	53,908	61,320	**–**	–

The effective interest rates at the balance sheet date were as follows:-

	THE GROUP		THE COMPANY	
	2009 % per annum	2008 % per annum	2009 % per annum	2008 % perannum
Bank overdrafts	**6.50**	6.95 - 8.00	**–**	–
Bills payable	**3.50 - 6.50**	3.50 - 5.38	**–**	–
Hire purchase payables	**1.50 - 4.92**	1.50 - 5.80	**–**	–
Revolving credit	**4.02 - 5.45**	5.40 - 5.50	**–**	–
Term loans	**3.50 - 4.80**	3.50 - 6.00	**–**	–

The bills payable, bank overdrafts and revolving credit are secured by corporate guarantees issued by the Company.

29. REVENUE

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue represents:-				
Contract revenue	**197,506**	308,462	**–**	–
Sale of goods	**133,962**	101,441	**–**	–
Dividend income	**–**	–	**7,800**	35,250
Management fee income	**–**	–	**21**	21
	331,468	409,903	**7,821**	35,271

30. COST OF SALES

Included in the cost of sales of the Group are contract costs of RM154,400,217 (2008 - RM247,979,897) recognised during the financial year.

Notes to the Financial Statements (cont'd)

31. PROFIT BEFORE TAXATION

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

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Allowance for doubtful debts	**70**	1,131	**–**	–
Allowance for impairment on investment	**4**	–	**–**	–
Amortisation of plantation development expenditure	**4,150**	2,700	**–**	–
Amortisation of prepaid land lease payments	**996**	746	**–**	–
Auditors' remuneration:				
- statutory audit	**153**	146	**15**	12
- non-statutory audit	**–**	64	**–**	–
- underprovision in the previous financial year	**5**	6	**3**	6
Bad debts written off	**1**	–	**–**	–
Depreciation of property, plant and equipment	**7,294**	4,020	**105**	164
Directors' remuneration:				
- fee	**265**	198	**155**	150
- other emoluments	**2,806**	2,913	**37**	40
- benefit-in-kind	**55**	60	**24**	24
Hire of machinery, equipment and motor vehicles	**–**	5	**–**	–
Interest expense:				
- bank overdrafts	**104**	120	**–**	–
- bills payable	**54**	139	**–**	–
- hire purchase	**76**	64	**–**	16
- loan from third party	**11**	533	**–**	–
- revolving credit	**511**	223	**–**	–
- term loans	**4,799**	4,943	**–**	–
Inventories written down	**393**	561	**–**	–
Lease rental	**1**	1	**–**	–
Plant and equipment written off	**143**	–	**–**	–
Rental of premises	**18**	–	**–**	–
Staff costs	**11,739**	13,578	**414**	542
Allowance for doubtful debts no longer required	**(149)**	(2,594)	**–**	–
Bad debts recovered	**–**	(10)	**–**	–
Dividend income	**–**	–	**(7,800)**	(35,250)
(Gain)/Loss on disposal of property, plant and equipment	**(50)**	(296)	**81**	–
Loss on disposal of a subsidiary	**–**	46	**–**	–
Loss/(Gain) on foreign exchange:				
- realised	**175**	(996)	**–**	–
- unrealised	**(300)**	4,407	**–**	–
Realised loss/(gain) on derivative contracts	**2,099**	(1,000)	**–**	–
Interest income:				
- bank account	**(34)**	(103)	**–**	–
- fixed and short term deposits	**(86)**	(177)	**–**	–
Management fee income from subsidiaries	**–**	–	**(21)**	(21)
Negative goodwill on consolidation written off	**–**	(472)	**–**	–
Rental income	**(658)**	(669)	**(19)**	–

32. TAXATION

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax for the financial year				
- Malaysia	**1,897**	1,247	**225**	117
- foreign jurisdictions	**139**	2,601	**–**	–
(Over)/Underprovision in prior financial years	**(913)**	(1,429)	**(104)**	99
	1,123	2,419	**121**	216
Deferred taxation expense (Note 24)				
Current financial year	**4,583**	3,499	**–**	–
Under/(Over)provision in prior financial years	**703**	(262)	**–**	–
	5,286	3,237	**–**	–
Share of taxation of:				
- associates	**312**	1,884	**–**	–
- jointly controlled entity	**58**	89	**–**	–
	370	1,973	**–**	–
Tax expense for the financial year	**6,779**	7,629	**121**	216

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit before taxation	**49,083**	70,562	**6,674**	33,393
Tax at statutory tax rate of 25% (2008 - 26%)	**12,271**	18,346	**1,669**	8,682
Tax effects of:-				
Expenses disallowed for tax purposes	**3,721**	2,815	**281**	483
Tax-exempt dividend income	**–**	–	**(1,725)**	(9,048)
Non-taxable income	**(167)**	(308)	**–**	–
Utilisation of reinvestment allowances	**(207)**	–	**–**	–
Utilisation of deferred tax assets brought forward	**(48)**	(6,494)	**–**	–
(Over)/Underprovision in prior financial years:				
- income tax	**(913)**	(1,429)	**(104)**	99
- deferred tax (Note 24)	**703**	(262)	**–**	–
Share of taxation of:				
- associates	**312**	1,884	**–**	–
- jointly controlled entity	**58**	89	**–**	–
Tax saving arising from tax incentive	**(8,951)**	(6,928)	**–**	–
Differential in tax rates:				
- Malaysia	**–**	(84)	**–**	–
Tax expense for the financial year	**6,779**	7,629	**121**	216

During the current financial year, the statutory tax rate was reduced from 26% to 25%.

Taxes in foreign jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

Notes to the Financial Statements (cont'd)

33. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the consolidated net profit attributable to equity holders of the Company for the financial year divided by the weighted average number of ordinary shares of RM0.50 each in issue during the financial year excluding the treasury shares held by the Company.

	THE GROUP	
	2009 RM'000	**2008 RM'000**
Net profit attributable to equity holders of the Company	**40,381**	60,686
Number of ordinary shares at beginning of the financial year ('000)	**135,968**	137,562
Effects of shares repurchased and held as treasury shares ('000)	**(418)**	(607)
Weighted average number of ordinary shares in issue ('000)	**135,550**	136,955
Basic earnings per share (sen)	**29.8**	44.3

There is no diluted earnings per share for the current financial year as there are no dilutive potential ordinary shares.

34. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Cost of property, plant and equipment acquired	**19,276**	33,170	**27**	1,107
Amount financed through hire purchase	**(1,680)**	(815)	**–**	–
Cash disbursed for purchase of property, plant and equipment	**17,596**	32,355	**27**	1,107

35. SUMMARY OF EFFECTS OF ACQUISITION OF SUBSIDIARIES

Details of net assets acquired, goodwill and cash flow arising from the acquisition of subsidiaries are as follows:-

	THE GROUP	
	2009 RM'000	**2008 RM'000**
Non-current assets	**7,936**	94,628
Current assets	**1,863**	14,443
Non-current liabilities	**–**	(10,000)
Current liabilities	**(6,625)**	(44,704)
	3,174	54,367
Share of profit of minority interest	**(466)**	–
Net assets in subsidiaries acquired	**2,708**	54,367
Goodwill on consolidation (Note 12)	**1,295**	4,853
Purchase consideration, satisfied by cash	**4,003**	59,220
Cash and cash equivalents acquired	**(741)**	(2,165)
Net cash outflow on acquisition of subsidiaries	**3,262**	57,055

35. SUMMARY OF EFFECTS OF ACQUISITION OF SUBSIDIARIES (cont'd)

The goodwill arising on the acquisition of the subsidiaries is mainly attributable to the anticipated profitability of the plantation based on management best estimates on the estates performance after taking into account existing achievements.

The effects of the acquisition of the subsidiaries on the results of the Group during the financial year are as follows:-

	THE GROUP	
	2009 RM'000	**2008 RM'000**
Revenue	**2,603**	50,730
Cost of sales	**(2,317)**	(23,726)
Gross profit	**286**	27,004
Other income	**5**	16
Administrative and other operating expenses	**(90)**	(4,326)
Profit from operations	**201**	22,694
Finance expenses	**(11)**	(2,438)
Profit before taxation	**190**	20,256
Taxation	**(90)**	(4,606)
Increase in Group's profit attributable to equity holders of the Company	**100**	15,650

36. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Fixed and short-term deposits with licensed banks (Note 18)	**864**	6,770	**–**	–
Cash and bank balances	**28,862**	20,745	**54**	92
Bank overdrafts	**(2,224)**	(2,908)	**–**	–
	27,502	24,607	**54**	92

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

	THE GROUP	
	2009 RM'000	**2008 RM'000**
Indonesia Rupiah	**1,167**	2,615
Kina	**1,606**	1,759
United States Dollar	**4,759**	4,374

Notes to the Financial Statements (cont'd)

37. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by directors of the Group and of the Company during the financial year were as follows:-

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Executive directors' remuneration				
- Fee	**110**	48	**–**	–
- Salaries, other emoluments and defined contribution plan	**2,324**	2,561	**–**	–
- Bonus and allowances	**455**	324	**10**	12
	2,889	2,933	**10**	12
Non-executive directors' remuneration				
- Fee	**155**	150	**155**	150
- Bonus and allowances	**27**	28	**27**	28
	182	178	**182**	178
Benefit-in-kind	**55**	60	**24**	24
Total directors' remuneration including benefit-in-kind	**3,126**	3,171	**216**	214
Represented by:-				
Directors' fee	**265**	198	**155**	150
Directors' non-fee emoluments	**2,861**	2,973	**61**	64
	3,126	3,171	**216**	214

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:-

	NUMBER OF DIRECTORS	
	2009	2008
Executive directors:		
- Between RM150,001 and RM200,000	**–**	1
- Between RM200,001 and RM250,000	**1**	–
- Between RM400,001 and RM450,000	**–**	1
- Between RM450,001 and RM500,000	**1**	–
- Above RM500,000	**1**	1
	3	3
Non-executive directors:		
- Less than or equal to RM100,000	**3**	4
- Between RM100,001 and RM150,000	**1**	–
	7	7

38. CONTINGENT LIABILITIES

	THE COMPANY 2009 RM'000	THE COMPANY 2008 RM'000
Unsecured:-		
Corporate guarantees given to financial institutions for facilities granted to certain subsidiaries	**292,774**	322,186

Pending Litigations

Two subsidiaries are involved in legal suits brought by natives for alleged trespass of native customary rights in areas included within the provisional lease area granted to the subsidiaries by the relevant authorities. The cases are now pending hearing before the courts. The directors, after consultation with legal counsel, are unable to ascertain the extent of the liability if any, at this point in time.

39. CAPITAL COMMITMENTS

	THE GROUP 2009 RM'000	THE GROUP 2008 RM'000
Approved but not contracted for	**2,186**	–

40. RELATED PARTY DISCLOSURES

(a) Identities of related parties:-

(i) the Company has related party relationships with its subsidiaries as disclosed in Note 6 to the financial statements; and

(ii) the directors who are the key management personnel.

(b) In addition to the information disclosed elsewhere in the financial statements, the Company carried out the following transactions with the related parties during the financial year:

	THE COMPANY 2009 RM'000	THE COMPANY 2008 RM'000
Dividend received and receivable	**7,800**	35,250
Management fee received	**21**	21
Administrative and accounting fee received	**80**	30

	THE GROUP 2009 RM'000	THE GROUP 2008 RM'000	THE COMPANY 2009 RM'000	THE COMPANY 2008 RM'000
Short-term employee benefits paid to the directors of the Company	**3,126**	3,171	**216**	214

Information regarding outstanding balances arising from related party transactions as at 31 December 2009 is disclosed in Notes 26 and 27 to the financial statements.

Notes to the Financial Statements (cont'd)

41. SEGMENTAL INFORMATION

BUSINESS SEGMENTS

The Group comprises the following main business segments:-

Manufacturing	Manufacture of palm oil equipment and related products, commissioning and contracting works for palm oil mills and retrofitting special purpose vehicles.
Trading	Trading of palm oil mill processing equipment.
Servicing	Provision of engineering support.
Plantation	Cultivation of oil palm and production of crude palm oil and palm kernel.
Investing	Investment holding.

	MANUFACTURING RM'000	TRADING RM'000	SERVICING RM'000	PLANTATION RM'000	INVESTING RM'000	ELIMINATION RM'000	CONSOLIDATED RM'000
THE GROUP							
2009							
REVENUE AND EXPENSES							
Revenue							
External sales	258,121	13,034	–	60,313	–	–	**331,468**
Inter-segment sales	36,745	258	–	328	–	(37,331)	**–**
Total revenue	**294,866**	**13,292**	**–**	**60,641**	**–**	**(37,331)**	**331,468**
Results							
Segment results	40,485	630	–	14,780	(103)	–	**55,792**
Unallocated expenses							**(1,258)**
Operating profit from continuing operations							**54,534**
Share of profit of associates							**369**
Share of loss of jointly controlled entity							**(5,820)**
Profit before taxation							**49,083**
Taxation							**(6,779)**
Profit for the financial year							**42,304**
2008							
REVENUE AND EXPENSES							
Revenue							
External sales	347,867	6,429	2,452	53,155	–	–	409,903
Inter-segment sales	33,986	408	–	–	35,301	(69,695)	–
Total revenue	381,853	6,837	2,452	53,155	35,301	(69,695)	409,903
Results							
Segment results	37,390	3,348	457	21,848	(249)	–	62,794
Unallocated expenses							(1,064)
Operating profit from continuing operations							61,730
Share of profit of associates							7,191
Share of profit of jointly controlled entity							1,641
Profit before taxation							70,562
Taxation							(7,629)
Profit for the financial year							62,933

41. SEGMENTAL INFORMATION (cont'd)

	MANUFACTURING RM'000	TRADING RM'000	SERVICING RM'000	PLANTATION RM'000	INVESTING RM'000	ELIMINATION RM'000	CONSOLIDATED RM'000
THE GROUP							
2009							
ASSETS							
Segment and consolidated assets	197,882	7,777	–	201,277	90,241	–	**497,177**
Unallocated assets	–	–	–	–	–	1,270	**1,270**
	197,882	**7,777**	**–**	**201,277**	**90,241**	**1,270**	**498,447**
LIABILITIES							
Segment and consolidated liabilities	129,398	1,761	–	99,497	107	–	**230,763**
Unallocated liabilities	–	–	–	–	–	12,389	**12,389**
	129,398	**1,761**	**–**	**99,497**	**107**	**12,389**	**243,152**
OTHER INFORMATION							
Capital expenditure	2,173	159	–	16,917	27	–	**19,276**
Amortisation of plantation development expenditure	–	–	–	4,150	–	–	**4,150**
Amortisation of prepaid land lease payments	57	1	–	930	25	–	**1,013**
Depreciation of property, plant and equipment	3,029	87	–	4,018	202	–	**7,336**
2008							
ASSETS							
Segment and consolidated assets	233,128	8,022	5,720	179,528	90,056	–	516,454
Unallocated assets	–	–	–	–	–	395	395
	233,128	8,022	5,720	179,528	90,056	395	516,849
LIABILITIES							
Segment and consolidated liabilities	169,098	3,812	2,725	103,197	6,817	–	285,649
Unallocated liabilities	–	–	–	–	–	8,892	8,892
	169,098	3,812	2,725	103,197	6,817	8,892	294,541
OTHER INFORMATION							
Capital expenditure	3,235	228	213	30,006	1,107	(1,619)	33,170
Amortisation of plantation development expenditure	–	–	–	2,700	–	–	2,700
Amortisation of prepaid land lease payments	57	–	–	723	2	–	782
Depreciation of property, plant and equipment	2,655	105	145	1,105	64	–	4,074

Notes to the Financial Statements (cont'd)

41. SEGMENTAL INFORMATION (cont'd)

GEOGRAPHICAL SEGMENTS

THE GROUP 2009	REVENUE RM'000	PROFIT BEFORE TAXATION RM'000	TOTAL ASSETS EMPLOYED RM'000	CAPITAL EXPENDITURE RM'000
Within Malaysia	233,580	48,819	472,909	18,881
Outside Malaysia	97,888	264	25,538	395
Total	**331,468**	**49,083**	**498,447**	**19,276**
2008				
Within Malaysia	386,699	61,939	493,261	33,169
Outside Malaysia	23,204	8,623	23,588	1
Total	409,903	70,562	516,849	33,170

42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the financial year:-

(i) the Company acquired a 51% equity interest in a new subsidiary, Magview Machinery Sdn. Bhd., comprising 5,100 ordinary shares of RM1.00 each for a cash consideration of RM5,100;

(ii) a subsidiary of the Company, Steam Mech Engineering Sdn. Bhd., acquired a 85% equity interest in a new subsidiary PT Sawit Lamadau Raya comprising 1,700 ordinary shares of Rupiah 1,000,000 each for a cash consideration of RM4,000,000; and

(iii) the Company submitted to Bursa Securities Malaysia Berhad ("Bursa Securities") the application for the listing of up to 13,510,100 new ordinary shares of RM0.50 each in the Company pursuant to the Proposed Private Placement. Bursa Securities has approved the said application and the proposed private placement may be implemented in tranches within 6 months from the date of the approval.

43. SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 15 January 2010, a subsidiary of the Company, Avecpalm Marketing Resources Sdn Bhd entered into a Sale and Purchase Agreement with a third party to acquire a piece of landed property for a total consideration of RM2,428,888.

44. FOREIGN CURRENCY RATES

The principal foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency transactions during the financial year are as follows:-

	THE GROUP 2009 RM	THE GROUP 2008 RM
Indonesian Rupiah	**0.00036**	0.00035
Kina	**1.20**	1.30
United States Dollar	**3.43**	3.47
Sterling Pound	**5.54**	5.07
Euro	**4.91**	4.83

45. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

(i) The following methods and assumptions are used to estimate the fair value of each class of financial instruments:-

(a) Bank Balances, Short-Term Receivables and Payables

The carrying amounts approximated their fair values due to the relatively short-term maturity of these investments.

(b) Quoted and Unquoted Investments

The fair values of quoted investments are estimated based on quoted market prices for these investments.

For unquoted investments, it is not practicable to determine the fair values because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined. However, the Group believes that the carrying amount represents the recoverable amount.

(c) Long-Term Borrowings

The carrying amounts approximated their fair values as these instruments are pegged to prevailing floating rates.

(d) Amounts Owing By/(To) A Subsidiary

The carrying amounts approximated their fair values at the balance sheet date.

(e) Hire Purchase Payables

The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

(f) Contingent Liabilities

The nominal amount and net fair value of financial instruments not recognised in the balance sheets of the Company are as follows:

		THE COMPANY	
	Note	Nominal Amount RM'000	Net Fair Value RM'000
At 31 December 2009:-			
Contingent liabilities	38	**292,774**	*
At 31 December 2008:-			
Contingent liabilities	38	322,186	*

* The net fair value of the contingent liabilities is estimated to be minimal as the subsidiaries are expected to fulfill their obligations to repay their borrowings.

The carrying values of all other financial assets and liabilities are not materially different from their fair values.

Notes to the Financial Statements (cont'd)

45. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (cont'd)

(ii) Unrecognised financial instruments

The valuation of financial instruments not recognised in the balance sheets reflects their current rates at the balance sheet date.

The contracted amount and fair value of financial instruments not recognised in the balance sheet are:-

	THE GROUP 2009	
	Contracted Sales value RM	**Fair Value RM**
Derivative contract:		
- Sale contracts	**2,850,000**	**3,690,750**

46. COMPARATIVE FIGURES

The following comparative figures have been restated to conform with the current financial year's presentation:-

	THE GROUP	
	As restated RM	**As previously reported RM**
Balance Sheets (Extract):-		
Current Assets		
Amount due from contract customers	37,125	38,389
Tax refundable	395	–
Current Liabilities		
Other payables, deposits and accruals	13,298	14,562
Provision for taxation	3,492	3,097
Income Statements (Extract):-		
Cost of sales	(324,018)	(320,888)
Administrative and other operating expenses	(22,611)	(25,741)
Cash Flow Statements (Extract):-		
Cash flows from/(for) operating activities		
Amortisation of prepaid land lease payments	746	782
Depreciation of property, plant and equipment	4,020	4,074
Operating profit before working capital changes		
Increase in amount due from contract customers, net	20,294	21,558
Decrease in trade and other payables	(23,093)	(24,447)

List of **Properties**
at 31 December 2009

Location	Description Of Property/ Usage	Tenure	Year Of Acquisition/ Revaluation	Land Area Sq. M	Net Carrying Amount (RM'000)	Approximate Age Of Building (Years)
Lot No. 4 Jalan Waja 15, Telok Panglima Garang Industrial Estate, Mukim of Telok Panglima Garang, District of Kuala Langat, Selangor Darul Ehsan	Industrial land with a 3 storey office block cum factory building	Leasehold for 99 years/ Expiring on 9 September 2103	1998	22,286	8,264	11
Lot No. 2751 Mukim and District of Klang, Selangor Darul Ehsan	Industrial land with 2 units of double storey office block cum factory building/ Rented out	Freehold	1998	11,383	4,737	14
H.S. (M) 24440 P.T. No.15690 Mukim and District of Petaling, Selangor Darul Ehsan	$1\frac{1}{2}$ storey light industrial building	Leasehold for 99 years/ Expiring on 16 August 2094	1998	186	204	13
H.S.(D) 9207 P.T. No.3845 (Lot 8026) and H.S.(D) 9208 P.T. No.3846 (Lot 8027) Mukim of Damansara, District of Petaling, Selangor Darul Ehsan	1 unit office lot/ Rented out	Freehold	1996	117	354	11
Lot No. 3, Jalan Waja 16, Telok Panglima Garang Industrial Estate, Mukim of Telok Panglima Garang, District of Kuala Langat, Selangor Darul Ehsan	Industrial land with factory building	Leasehold for 99 years/ Expiring on 9 September 2103	2003	24,654	7,161	3

List of Properties (cont'd)

Location	Description Of Property/ Usage	Tenure	Year Of Acquisition/ Revaluation	Land Area Sq. M	Net Carrying Amount (RM'000)	Approximate Age Of Building (Years)
Lot No. 4 Jalan Waja 16, Telok Panglima Garang Industrial Estate, Mukim of Telok Panglima Garang, District of Kuala Langat, Selangor Darul Ehsan	Industrial land with a 3 storey office block cum factory building	Leasehold for 99 years/ Expiring on 9 September 2103	2006	20,369	8,978	3
No. 11D &13D, 4th Floor, Block 2, Pusat Perniagaan Worldwide, Shah Alam, Selangor Darul Ehsan	2 units office lot	Leasehold for 99 years/ Expiring on 25 March 2102	2006 & 2007	206	348	13
Lot 1, Block No.9 Suai Land District Miri, Sarawak	Plantation land with estate buildings and oil mill/ Oil palm plantation	Leasehold for 60 years/ Expiring on 1 March 2045	2005	3,720 hectares	44,088	1 to 12
Lot 52, District of Bok Land, Miri, Sarawak	Plantation land with estate buildings and oil mill/Oil palm plantation	Leasehold for 99 years/ Expiring on 27 September 2087	2008	5,936 hectares	45,626	1 to 9
No.1C, 3C & 5C, 3rd Floor, Block 2, Pusat Perniagaan Worldwide, Shah Alam, Selangor Darul Ehsan	3 units office lot	Leasehold for 99 years/ Expiring on 25 March 2102	2008	360	641	13

Analysis of Shareholdings
as at 14 April 2010

Authorised Share Capital	:	RM100,000,000 of 200,000,000 ordinary shares of RM0.50 each
Issued and Paid-Up Share Capital	:	RM68,781,250 comprising of 137,562,500 ordinary shares of RM0.50 each (including 3,151,200 treasury shares)
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	Every member of the Company, present in person or by proxy, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share held
Number of shareholders	:	2,308

Analysis of Shareholdings

Size of Shareholdings	No. of holders	Percentage (%)	No. of Shares	Percentage (%)
Less than 100	31	1.34	960	0.00
100 – 1,000	494	21.40	392,134	0.29
1,001 – 10,000	1,319	57.15	5,850,600	4.35
10,001 – 100,000	356	15.42	11,276,300	8.39
100,001 to less than 5% of issued shares	106	4.59	93,385,706	69.48
5% and above of issued shares	2	0.09	23,505,600	17.49

Substantial Shareholders' Shareholdings

	Direct		Indirect	
Shareholders	No. of shares	%	No. of shares	%
Lim Chai Beng	40,363,382[1]	30.03	–	–
HSBC Holdings plc*	–	–	8,913,600	6.63
Lembaga Tabung Haji	12,697,200	9.45	–	–

* Shares held as Trustees for Unit Trust-Non Discretionary and registered in the name of HSBC (Malaysia) Trustee Berhad and HSBC International Trustee Limited, Hong Kong.

Analysis of Shareholdings (cont'd)

List of Directors' Interest In Ordinary Shares

CBIPH	Direct No. of shares	Direct %	Deemed No. of shares	Deemed %
Lim Chai Beng	40,363,382[1]	30.03	42,000[5]	0.03
Lim Chai Huat	4,729,600[2]	3.52	–	–
Mak Chee Meng	3,542,062[3]	2.64	–	–
Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah	800,000[4]	0.59	–	–
Tan Sri Datuk Dr. Yusof Bin Basiran	–	–	44,000[6]	0.03
Michael Ting Sii Ching	–	–	–	–
Wong Chee Beng	–	–	–	–

Notes

1 ***Held through:***

Held through	***No. of shares***
HLB Nominees (Tempatan) Sdn Bhd (SIN 9853-2)	*2,809,082*
HLB Nominees (Tempatan) Sdn Bhd	*9,253,954*
HDM Nominees (Tempatan) Sdn Bhd	*2,643,500*
CIMB Group Nominees (Tempatan) Sdn Bhd (50016 TPSA)	*6,500,000*
Malaysia Nominees (Tempatan) Sdn Bhd	*5,000,000*
Lim Chai Beng	*14,156,846*
Total	*40,363,382*

2 ***Held through:***

Held through	***No. of shares***
HLB Nominees (Tempatan) Sdn Bhd	*497,000*
Public Nominees (Tempatan) Sdn Bhd	*230,000*
Lim Chai Huat	*4,002,600*
Total	*4,729,600*

3 ***Held through:*** ***No. of shares***

Mak Chee Meng *3,542,062*

4 ***Held through:*** ***No. of shares***

Public Nominees (Tempatan) Sdn Bhd *800,000*

5 ***Indirect interest held pursuant to Section 134(12)(c) of the Companies Act, 1965*** ***No. of shares***

Daughter - Lim Sim Tong	*2,000*
Son – Lim Zee Yang	*40,000*

6 ***Indirect interest held pursuant to Section 134(12)(c) of the Companies Act, 1965 held by his spouse*** ***No. of shares***

Puan Sri Saaudah Binti Zainual Abidin *44,000*

Analysis of Shareholdings (cont'd)

List of Thirty (30) Largest Registered Shareholders

	Name	No. of shares held	Percentage (%)
1	Lembaga Tabung Haji	12,697,200	9.45
2	Lim Chai Beng	10,808,400	8.04
3	CIMB Group Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Chai Beng (50016 TPSA)*	6,500,000	4.84
4	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Chai Beng*	5,253,954	3.91
5	Malaysia Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for Lim Chai Beng (05-00053-000)*	5,000,000	3.72
6	HSBC Nominees (Asing) Sdn Bhd *Exempt An For The HongKong and Shanghai Banking Corporation Limited (HBFS-I CLT ACCT)*	4,221,900	3.14
7	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Chai Beng*	4,000,000	2.98
8	Lim Chai Guan	3,932,600	2.93
9	Lim Chai Huat	3,702,600	2.75
10	Mak Chee Meng	3,542,062	2.64
11	Lim Chai Beng	3,348,446	2.49
12	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Chai Beng (SIN 9853-2)*	2,809,082	2.09
13	HDM Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Chai Beng (M02)*	2,643,500	1.97
14	HSBC Nominees (Asing) Sdn Bhd *Exempt an for Credit Suisse (SG BR – TST – ASING)*	2,227,900	1.66
15	Tan Yu Hwa	2,188,000	1.63
16	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pheim Asset Management Sdn Bhd for Employees Provident Fund*	2,168,400	1.61
17	Lim Chye Ooi	1,758,162	1.31
18	Citigroup Nominees (Asing) Sdn Bhd *CB GW Spore for Amer ican International Assurance Co. Ltd (AIA REG EQTY FD)*	1,500,000	1.12

Analysis of Shareholdings (cont'd)

List of Thirty (30) Largest Registered Shareholders (cont'd)

	Name	No. of shares held	Percentage (%)
19	Cartaban Nominees (Asing) Sdn Bhd *SSBT Fund IE1J for Van Eck Worldwide Insurance Trust Worldwide Emerging Markets Fund*	1,485,400	1.11
20	Affin Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ong Lea Ping (ONG1339M)*	1,466,600	1.09
21	Cartaban Nominees (Asing) Sdn Bhd *SSBT Fund SNH1 for Global Emerging Markets Smaller Companiesfund* Series (SWIP PFOLIO LLC)	1,463,600	1.09
22	AmanahRaya Trustees Berhad *Affin Islamic Equity Fund*	1,438,900	1.07
23	Public Invest Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mohamed Nizam Bin Abdul Razak*	1,415,534	1.05
24	HSBC Nominees (Asing) Sdn Bhd *HSBC – FS for Gam Singapore / Malaysia Equity Inc*	1,234,200	0.92
25	Lim Chai Tiong	1,157,700	0.86
26	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for OSK – UOB Thematic Growth Fund (6210 – 401)*	1,080,000	0.80
27	HSBC Nominees (Asing) Sdn Bhd *TNTC for Government of Singapore Investment Corporation Pte Ltd*	1,079,900	0.80
28	Cartaban Nominees (Asing) Sdn Bhd *State Street Luxembourg Fund LBLV for SWIP SICAV – Emerging Markets Smaller Companies Fund*	1,041,800	0.78
29	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for Maakl Al – Faid (4389)*	992,200	0.74
30	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for OSK – UOB Small Cap Opportunity Unit Trust (3548)*	928,700	0.69

CB INDUSTRIAL PRODUCT HOLDING BERHAD
(Company No. 428930 -H) • Incorporated in Malaysia

Proxy Form

No. of Ordinary Shares Held

*I/We ____

of ____

being a *member/members of **CB INDUSTRIAL PRODUCT HOLDING BERHAD** hereby appoint #THE CHAIRMAN OF THE MEETING or *Mr/Ms ____

of ____

or failing *him/her ____

of ____

as *my/our proxy to vote for *me/us and on *my/our behalf, at the **THIRTEENTH ANNUAL GENERAL MEETING** of the Company to be held at Mutiara Room, The Saujana Hotel, 2KM, Off Jalan Sultan Abdul Aziz Shah Airport Highway, Saujana, 47200 Subang, Selangor Darul Ehsan on Thursday, 27 May 2010 at 11.00 a.m. and, at any adjournment thereof.

#If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "THE CHAIRMAN OF THE MEETING" and insert the name(s) of the person(s) desired.

Please indicate with an "X" in the space provided, how you wish your vote to be cast in respect of the following resolutions. In the absence of specific directions, your proxy may vote or abstain at his/her discretion. If you appoint two proxies, please specify the proportions of holdings to be represented by each proxy.

My/our proxy/proxies is/are to vote as indicated below:

	ORDINARY RESOLUTIONS	FOR	AGAINST
1	To re-elect Michael Ting Sii Ching as Director		
2	To re-elect Tengku Ardy Esfandiari Bin Tengku A. Hamid Shah as Director		
3	To approve the payment of Non-Executive Directors' fees		
4	To re-appoint Messrs Crowe Horwath (formerly known as Messrs Horwath) as Auditors of the Company		
5	To approve the Proposed Renewal of Authority for Purchase of Own Shares by the Company		
6	To approve the Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965		
	SPECIAL RESOLUTION		
7	To approve the Proposed Amendments to the Articles of Association of the Company		

* Delete if not applicable

Dated this ________day of __________________2010

____
Signature/Common Seal of Shareholder

Notes:

A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.

Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account.

If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.

The instrument appointing a proxy must be deposited at the registered office of the Company at Unit 1C, 3C & 5C, 3rd Floor, Block 2, Worldwide Business Centre, Jalan Tinju 13/50, Seksyen 13, 40675 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

Please Fold Along This Line

AFFIX
STAMP
HERE

The Company Secretary
CB Industrial Product Holding Berhad (428930-H)
Unit 1C, 3C & 5C, 3rd Floor, Block 2
Worldwide Business Centre
Jalan Tinju 13/50, Seksyen 13
40675 Shah Alam
Selangor Darul Ehsan

Please Fold Along This Line

CB INDUSTRIAL PRODUCT HOLDING BERHAD
(Company No. 428930-H) • Incorporated in Malaysia

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Annual Report 2009