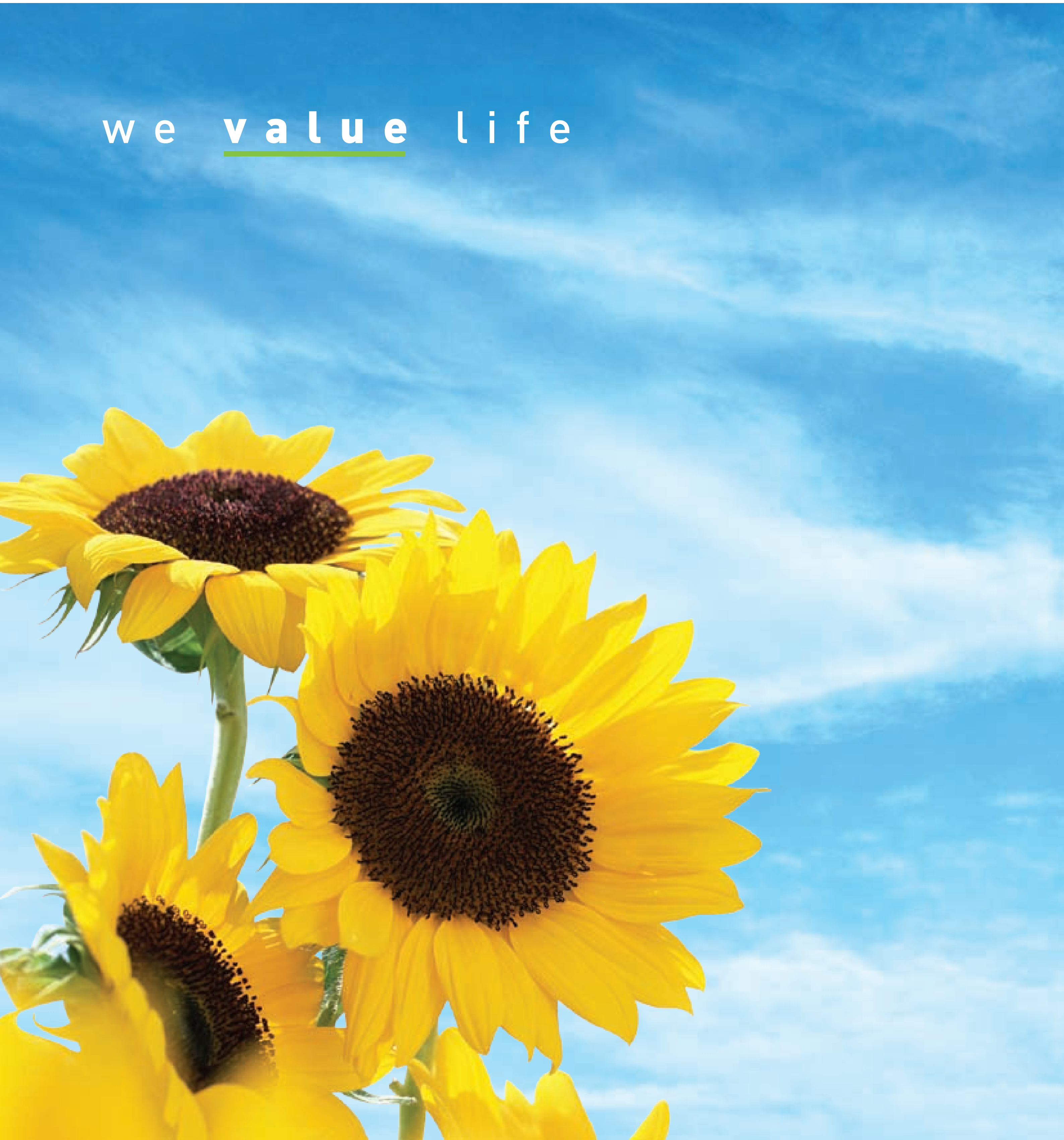
Y.S.P. SOUTHEAST ASIA HOLDING BERHAD

552781-X

ANNUAL REPORT 2009

"Facing a new challenging era, we continue to strive on excellence, providing boundless healthcare innovations that promote a quality life for all"



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Corporate Information

Board of Directors

Chairman (Independent Non-Executive)
Datuk Dr. Anis Bin Ahmad

President/Group Managing Director
Dato' Dr. Lee Fang Hsin

Non-Independent Non-Executive Director
Madam Lee Ling Chin
Dr. Lee Fang Chuan @ Lee Fang Chen
Tuan Haji Adi Azuan Bin Abdul Ghani

Independent Non-Executive Director
Dato' Koay Soon Eng
Mr. Tu Shu Yao

Company Secretaries

Ms. Lim Seck Wah (MAICSA 0799845)
Ms. Kong Mei Kee (MAICSA 7039391)

Registered Office and Principal Place of Business

16th Floor, Plaza VADS,
No. 1, Jalan Tun Mohd Fuad,
Taman Tun Dr. Ismail, 60000 Kuala Lumpur.
Tel: 03-7727 6390
Fax: 03-7727 6701
Email: yspsah@yspsah.com
Website: www.yspsah.com

Registrar

Mega Corporate Services Sdn Bhd (187984-H)
Level 15-2, Faber Imperial Court,
Jalan Sultan Ismail, 50250 Kuala Lumpur.
Tel: 03-2692 4271
Fax: 03-2732 5388

Auditors

SJ Grant Thornton (AF 0737)
(Member of Grant Thornton International)
Level 11, Faber Imperial Court,
Jalan Sultan Ismail, 50250 Kuala Lumpur.
Tel: 03-2692 4022
Fax: 03-2691 5229

Principal Bankers

Malayan Banking Berhad (3813 K)
No.2, Lorong Rahim Kajai 14
Taman Tun Dr. Ismail, 60000 Kuala Lumpur.
Tel: 03-7729 3671

HSBC Bank Malaysia Berhad
Level 1 Annexe, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights, 50490 Kuala Lumpur

Stock Exchange Listing

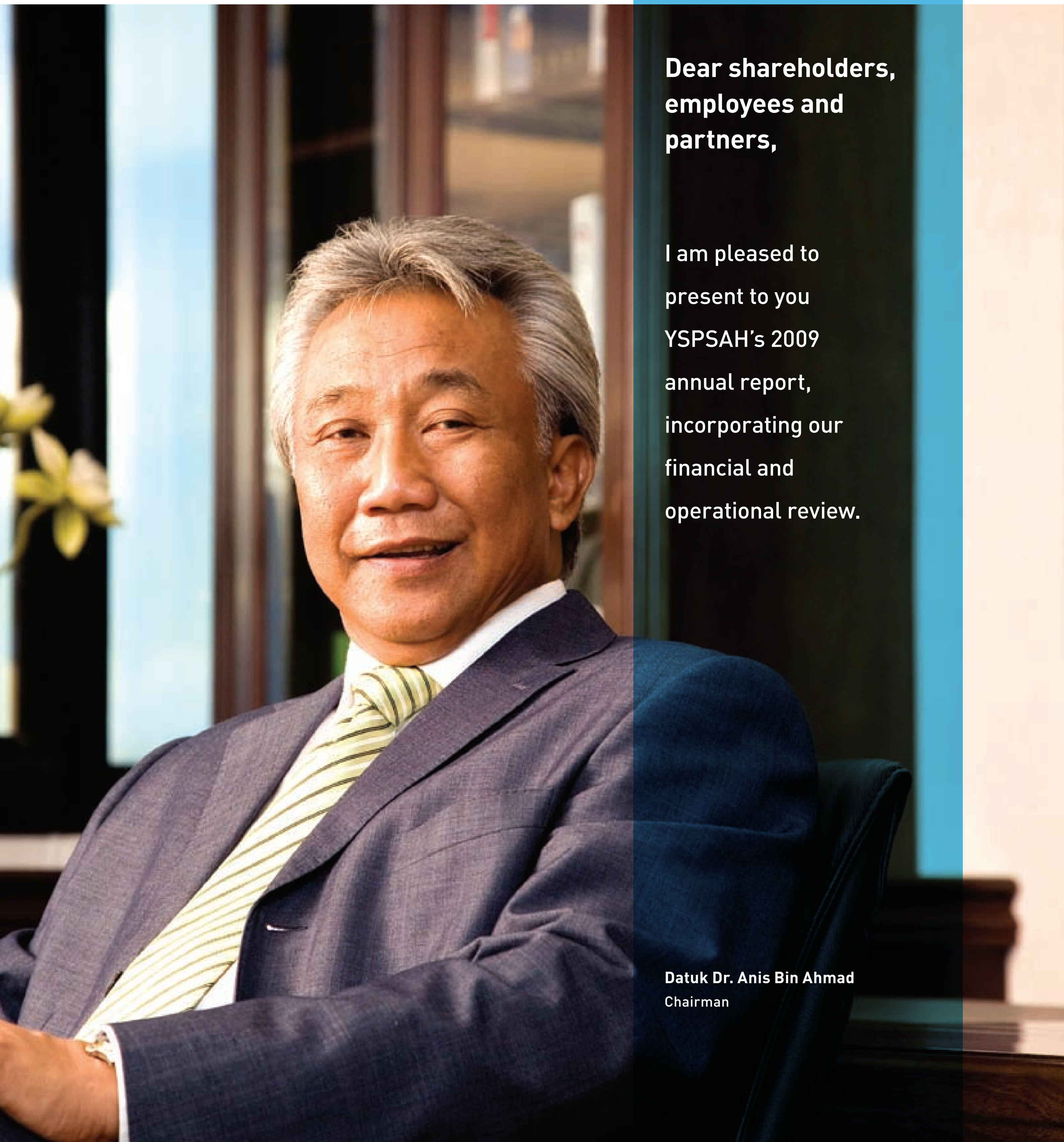
Main Market of Bursa Malaysia Securities Berhad
Stock Code: 7178

Corporate Structure

Y.S.P. SOUTHEAST ASIA HOLDING BERHAD
552781-X

- 100% Y.S.P. INDUSTRIES (M) SDN BHD
  - Resident Representative Office of YSP Industries (M) Sdn Bhd
- 100% KUMPULAN Y.S.P. (M) SDN BHD
- 100% YUNG SHIN PHARMA (S) PTE LTD
- 99.99% YUNG SHIN (PHILIPPINES), INC
- 99.4% MYANMAR YUNG SHIN PHARMA LTD
- 100% Y.S.P. (CAMBODIA) PTE LTD
- 100% Y.S.P. SAH (VIETNAM) INVESTMENT PTE LTD
- 100% Y.S.P.SAH (VIETNAM) CO., LTD
  - 95% YSPI VIETNAM CO., LTD
- 99.92% P.T. YUNG SHIN PHARMA INDONESIA
- 99% Y.S.P. SAH PHARMA (B) SDN BHD
- 48.56% Y.S.P. (THAILAND) CO. LTD
- 60% SUN TEN SOUTHEAST ASIA HOLDING PTE LTD
  - 100% SUN TEN PHARMA MFG (M) SDN BHD
  - 100% SUN TEN (S) PTE LTD

Chairman's Statement



Dear shareholders, employees and partners,

I am pleased to present to you YSPSAH's 2009 annual report, incorporating our financial and operational review.

Datuk Dr. Anis Bin Ahmad
Chairman

There is no doubt in anyone's mind that the year 2009 was a challenging one. The financial crisis of 2008, which was first viewed as a regional issue, soon enveloped the world, freezing markets, affecting trade, and generally causing misery and rolling back years of advances made in the areas of trade, food security and poverty eradication.

Malaysia, being an export-dependent nation, was not spared the effects of the crisis. Although shocks to her financial and banking system were somewhat mitigated by controls put in place following the Asian financial crisis of 1997-1998, exports suffered as our country's largest trading partners, grappling with their own woes, cancelled or reduced orders. The net effect was Malaysia's GDP growth for 2009 was in the negative, at 1.7% with modest growth expected in 2010 (Bank Negara, February 2010).

The pharmaceutical industry was somewhat thrust into the limelight as the world confronted the rise and spread of influenza A(H1N1) virus. Malaysia too was not spared with the first confirmed case occurring in May 2009. The rising number of cases saw pharmaceutical firms racing to produce vaccines sufficient for a pandemic scenario. Fortunately, the worst case situation feared by the authorities has not materialised to date.

The generic pharmaceutical market in Malaysia has been projected to grow to RM1.7 billion by 2013 (Business Monitor International), out of a total pharmaceutical market value of RM6 billion. The Government has continued efforts to modernise the public healthcare sector whilst at the same time focussing on cost-containment. The government sector has become a significant growth area for YSPSAH and should generics become a key thrust of cost reduction measures, our prospects for this market would be significantly enhanced.

Other market segments such as the halal medicine and traditional Chinese medication (TCM) are also expected to grow. Given the market size in Malaysia (more than 60% of the country's population of more than 25 million are Muslim) and the wider Islamic world, the relatively under-developed halal medicine segment has great potential and the Government has recognised its importance as a contributor to the nation's economic growth, channelling promotion efforts through the Halal Development Corporation.

Efforts are also being made by the authorities to develop the still nascent biotechnology sector. Whilst this is an area where we are lagging from our neighbours, the Government has roped in key universities in its efforts to further the biotechnology industry.

In the next five years, a number of patents on high revenue originator drugs will expire. Recognising the opportunities that will arise from the development, production and sales of generic equivalents, we have accordingly ramped up our research and development activities.

For these reasons, we remain cautiously positive of our prospects in the coming year.

Financial and Operational Review

It gives me great pleasure to report that the Group has posted another year of revenue growth, registering an increase of 5.4% to RM130.7 million for the financial year ended 31 December 2009 (2008: RM124.0 million). Profit before taxation marginally decreased by 12% to RM16.1 million (2008: RM18.3 million).

Local (Malaysia) sales continue to be the mainstay of our business, contributing 79% of total revenue, compared to 82% for the year before. This reflects our desire to capitalise on trade liberalisation across South-east Asia to grow our business in these countries and to reduce the risk of over-dependence on any one country or market segment. Our second largest country contributor is Singapore (10% of revenue) and more will be expected from overseas markets once our facility in Vietnam is fully commissioned.

On the same note, whilst our core general practitioner market remains stable, we have managed to grow our hospital segment (+17%) and increase over-the-counter sales (+14%). A noteworthy performer for 2009 was traditional Chinese medication, which was our fastest growing segment recording RM7.5 million in sales, an increase of 73% over 2008 sales of RM4.3 million.

The introduction of new products to complement and refresh our product range has always been a priority, and in 2009 the Group registered a total of 27 new products, the bulk (25) of which were pharmaceuticals with the balance for the veterinary market. These new products are largely manufactured in-house (16) with the remaining 11 imported from our principal and overseas partners.

We have also expended resources on "Sinari", our halal health supplement range. As at 31 December 2009, a total of 23 products have been introduced into the market, comprising general health supplements and specific products targeted at men's and women's health or addressing specific needs such as eye and digestive care.

Apart from advertising on radio programs and through the print media, activities such as carnivals, exhibitions and social events were carried out to introduce and bring the target market closer to the Sinari range of products.

Trade liberalisation presents new opportunities but conversely increases competition by levelling the playing field. To meet this challenge, continuous efforts are being made to maintain and/or upgrade our production capability. The sterile facility in Bangi has largely been completed and is undergoing renovation and customisation, with commissioning in the second quarter of 2010. Commercial production is thus expected to commence in the second quarter of 2011 upon process qualification, validation and approval by the authorities.

In Vietnam, our pharmaceutical and veterinary facility in being constructed and upon obtaining the necessary approvals, we expect to commence production in the fourth quarter of 2010.

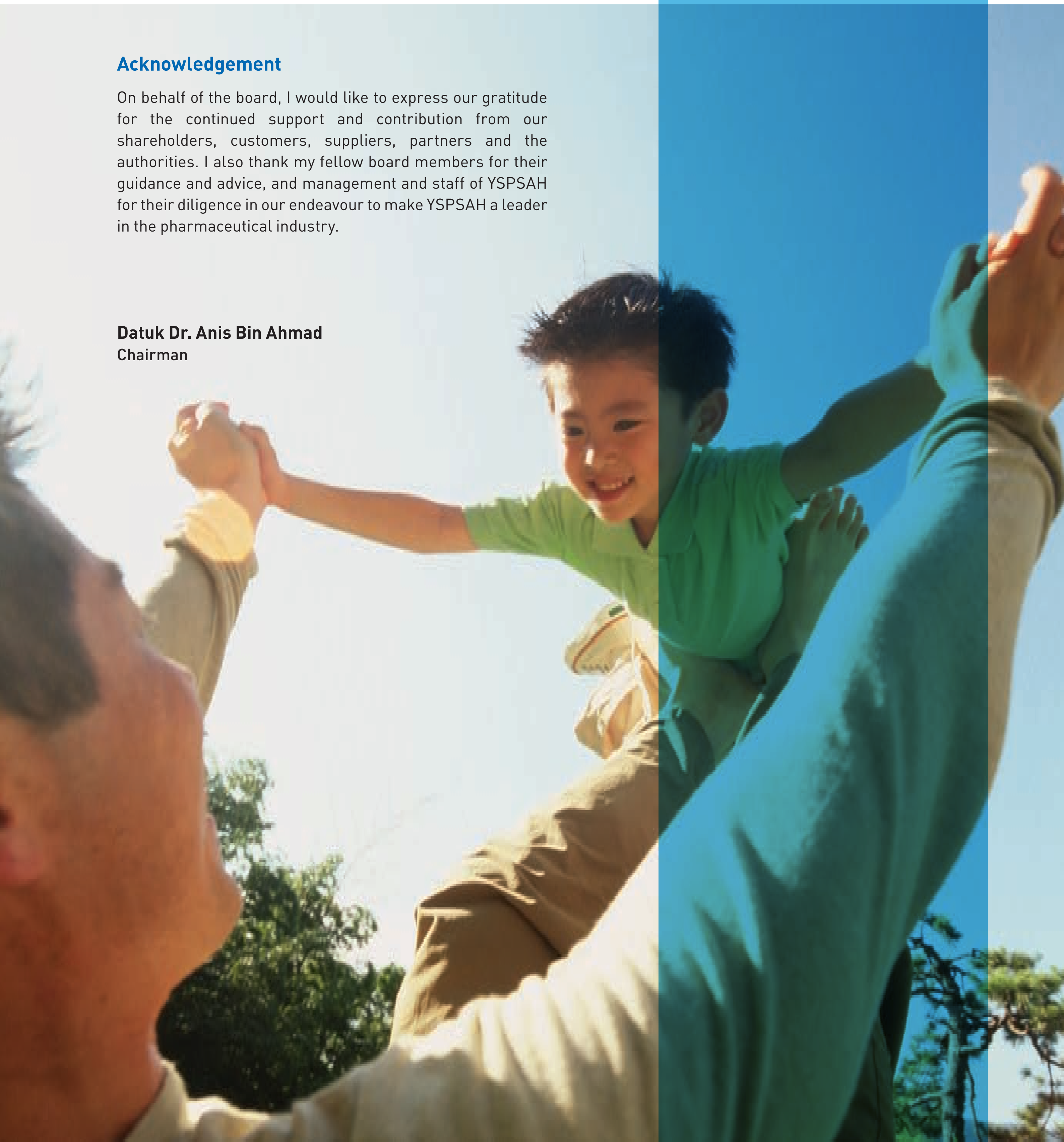
Another noteworthy development is the continued expansion of our materials warehouse in Bangi, to support increased production levels and increase efficiency in procurement and handling of materials. We are also pleased to have obtained Good Manufacturing Practice certification from the National Pharmaceutical Control Bureau for our Malaysian veterinary plant even though the licensing of veterinary facilities in Malaysia will only be mandated two years later.

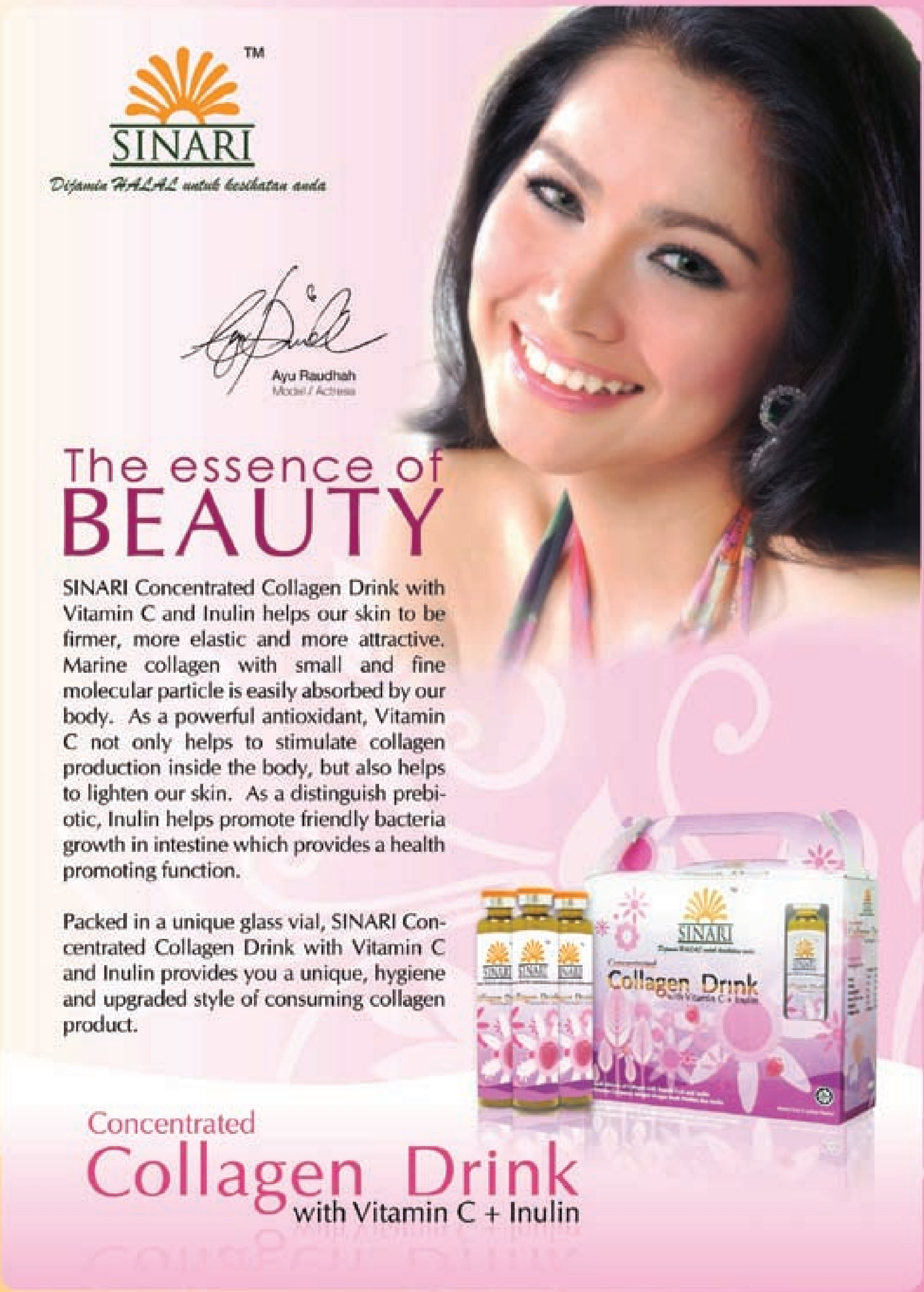
In recognition of the Group's financial performance, the Board is pleased to propose a First and Final Single Tier Dividend of 6% per ordinary share of RM1.00 each for the financial year ended 31 December 2009, subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

Acknowledgement

On behalf of the board, I would like to express our gratitude for the continued support and contribution from our shareholders, customers, suppliers, partners and the authorities. I also thank my fellow board members for their guidance and advice, and management and staff of YSPSAH for their diligence in our endeavour to make YSPSAH a leader in the pharmaceutical industry.

Datuk Dr. Anis Bin Ahmad
Chairman





SAFETY · EFFICIENCY · UNIFORMITY · GMP

providing the best quality products and improving human health

Board of Directors' Profile

Datuk Dr. Anis Bin Ahmad

Aged 64, a Malaysian, was appointed to the Board of Directors of Y.S.P.SAH as an Independent Non-Executive Director on 16th September 2002 and subsequently appointed Non-Executive Chairman on 17th November 2003. Datuk Dr. Anis graduated with a Bachelor of Pharmacy from the University of Singapore, a Master of Science in Pharmaceutical Technology from the University of London and a Ph.D. in Pharmacology from the University of Bath, United Kingdom in 1968.

Datuk Dr. Anis started his career as a Pharmaceutical Officer/Pharmacist with the MOH for 6 years. He continued his career as a Lecturer and Head of the Department of Pharmacology in University Kebangsaan Malaysia from 1975 to 1979. From his extensive experience in pharmacy, he served as the Deputy Director of NPCB from 1983 to 1987, and was promoted to Director of NPCB in 1988 and served in that capacity until 1990. He was also the Secretary of the DCA from 1985 to 1990. In 1991, he held the position of Deputy Director of Health (Pharmacy) for the Department of Health, Johor before he was promoted to Director of Pharmacy of MOH in 1996 where he was attached for 5 years until 2001. Datuk Dr. Anis was awarded the Pingat Jasa Negara that carries the title "Datuk" by Seri Paduka Baginda Yang Dipertuan Agong in 2001.

Datuk Dr. Anis is presently the Chairman of the Remuneration Committee and a member of Audit Committee and Nomination Committee of Y.S.P.SAH. Datuk Dr. Anis also serves on the board of New Hoong Fatt Holding Bhd.

Datuk Dr. Anis has no family relationship with other directors or substantial shareholders of Y.S.P.SAH.

Dato' Dr. Lee Fang Hsin

Aged 50, a Taiwanese and a permanent resident in Malaysia, was appointed to the Board of Directors of Y.S.P.SAH as President/Group Managing Director on 17th November 2003. Dato' Dr. Lee currently sits on the boards of several private limited companies in Malaysia including subsidiaries of Y.S.P.SAH group. He also sits on the board of Yung Shin Pharmaceutical Industries Co. Ltd. ["YSP(TW)"]. He obtained diploma in Finance and Taxation from Tamsui Oxford College, Masters in Business Administration and PhD from Pacific Western University, USA.

Dato' Dr. Lee started his career in 1985 with YSP(TW), as a Marketing Executive. In the same year, he was transferred to Japan to conduct marketing surveys for YSP(TW) until 1987. In 1987, Dato' Dr. Lee was appointed the Representatives in charge of YSP(TW)'s branch in Malaysia, which eventually resulted in the establishment in Kumpulan Y.S.P. (Malaysia) Sdn Bhd.

Dato' Dr. Lee has been honoured with the following awards:

- The Asia-Pacific Distinguish General Manager Award in the Second Annual Professional Manager Award for Enterprise in Taiwan, R.O.C. in 1998
- The Model from Overseas Chinese Young Entrepreneur in Taiwan, R.O.C. in 1998
- The Global Overseas Professional Manager Award in Taiwan, R.O.C. in 2000
- The Third National Award of Overseas Taiwanese Enterprises in 2001

Dato' Dr. Lee is currently the Honorary President of Taipei Investors' Association in Malaysia and Honorary President of The Council of Taiwanese Chambers of Commerce in Asia.

Dato' Dr. Lee is presently a member of Remuneration Committee of Y.S.P.SAH.

Dato' Dr. Lee is a sibling to Dr. Lee Fang Chuan @ Lee Fang Chen and Mdm Lee Ling Chin.

Dato' Koay Soon Eng

Aged 63, a Malaysian, was appointed to the Board of Directors of Y.S.P.SAH as an Independent Non-Executive Director and Chairman of the Audit Committee of Y.S.P.SAH on 16th September 2002 and 17th November 2003 respectively. He holds a Bachelor of Commerce from the University of Queensland and is an Accountant by profession, being a Chartered Accountant of the Malaysian Institute of Accountants. Dato' Koay is also the Fellow of the Institute of Chartered Accountants in Australia and a Certified Practising Accountant of the Society of Certified Practising Accountants, Australia.

Dato' Koay has more than 30 years in public practice since 1973 as an Accountant, Auditor, Tax Agent and Business Consultant.

Presently, Dato' Koay is the Chairman of the Audit Committee of Y.S.P.SAH. He also serves on the board of Bangkok Bank Berhad. He has no family relationship with other directors or substantial shareholders of Y.S.P.SAH

Tu Shu Yao

Aged 60, a Taiwanese, was appointed to the Board of Directors of Y.S.P.SAH as an Independent Non-Executive Director of Y.S.P.SAH on 17th November 2003. He graduated with a Diploma in Mining & Metallurgical Engineering from the University of National Taipei Technology in 1971. He embarked on his career in the metal and gas industry in Nigeria, Africa where he served in various capacities. He was involved in similar metal and gas industry in Taiwan from 1986 to 1989.

Mr. Tu is presently the Chairman and Managing Director of Region group of companies ("RGC") in Malaysia, a position which he holds since 1986. In RGC, Mr. Tu is involved in, amongst others, overseeing the business operations, devising strategic plans and business direction as well as responsible for the overall performance of the group. Presently, Mr Tu is the President of Taipei Investors' Association in Malaysia. Mr. Tu is also active in providing business advices and guidance to other associations and social organisations.

Mr. Tu is a member of Audit Committee, Remuneration Committee and Nomination Committee of Y.S.P.SAH. He has no family relationship with other directors or substantial shareholders of Y.S.P.SAH.

Lee Ling Chin

Aged 61, Taiwanese, was appointed to the Board of Director of Y.S.P.SAH as a Non-Independent Non-Executive Director on 16th February 2005. She is currently the Director and a substantial shareholder of YSP(TW). She graduated with Family Business Management from Shih Chien University, Taiwan R.O.C in 1971.

She started her career in 1972 with YSP(TW) as Section Manager of Administration Section responsible for Accounting and General Affairs and she was also involved in setting up the company management regulation and SOP. She was then promoted as Manager to be responsible for overseas business including Southeast Asia market research and development. She was later promoted to the position of Vice President in year 1988 to assist the President in management operation and assist to expand the sales to general hospital. At the same year she was elected as Committee Member of Taiwan Pharmaceutical Manufacturer's Association as an active participant in public health activities. In Year 2000, she was transferred to an investment company of YSP(TW), a company dealing with plasma products business name "BioTrust International Corporation", as President. She was involved in pushing the development of biological industry in Taiwan R.O.C. and had succeeded in implementing a new legistration of "Blood Products Act" in Taiwan R.O.C. She is currently the Vice Chairman of BioTrust International Corporation.

Mdm Lee currently served as a member of the board of several private limited companies in Taiwan R.O.C. and the subsidiary companies of Y.S.P.SAH in Malaysia.

Presently, Mdm Lee is a member of Nomination Committee of Y.S.P.SAH and she is a sibling to Dato' Dr. Lee Fang Hsin and Dr. Lee Fang Chuan @ Lee Fang Chen.

Tuan Haji Adi Azuan Bin Abdul Ghani

Aged 40, a Malaysian, was appointed to the Board of Directors of Y.S.P.SAH as a Non-Independent Non-Executive Director since 1st December 2004. He graduated with UK BSc (Honours) Accounting from Queen's University of Belfast, UK. He is now a Fellow Member of the ACCA (FCCA) and also a member of Malaysian Institute of Accountants (MIA).

Tuan Haji started his professional career in the auditing and accounting fields with PricewaterhouseCoopers, Kuala Lumpur in year 1996. He was promoted to the position of Manager in year 2002 and involved in the provision of audit and accounting services mainly to banking and financial institutions before joining Lembaga Tabung Haji as the Divisional Head of Group Accounts in July 2002.

Presently, Tuan Haji is the Deputy Group Chief Financial Officer of Lembaga Tabung Haji. Tuan Haji currently represents Lembaga Tabung Haji in Lityan Holdings Berhad and Silver Bird Group Berhad as a Non-Independent Non-Executive Director. Tuan Haji is presently a member of the Audit Committee of Y.S.P.SAH. He has no family relationship with other directors or substantial shareholders of Y.S.P.SAH.

Dr. Lee Fang Chuan @ Lee Fang Chen

Aged 54, a Taiwanese, was appointed to the Board of Directors of Y.S.P.SAH as a Non-Independent Non-Executive Director on 27 February 2006. Dr. Lee currently is the Chairman of the Board of Directors and the President of YSP(TW), one of the major stakeholder of Y.S.P.SAH. Dr. Lee sits on the boards of several private limited companies in Malaysia including subsidiary companies of Y.S.P.SAH in Malaysia as well. Dr. Lee possesses BS in Pharmacy from Taipei Medical University, Master in Pharmaceutical Chemistry from National Taiwan University, MBA from Tunghai University and PhD in Medicinal Chemistry from University of Minnesota, USA.

Dr. Lee started his career in 1983 with YSP(TW) as a research associate in R&D Division. In 1989, Dr. Lee was appointed as the Director of Medicinal Chemistry in R&D. Dr. Lee was promoted to Vice-president of R&D. Dr. Lee was assigned to Yung Zip Chemical ("YZC") as the President for his connection to FDA and he has successfully organized staff of YZC to upgrade YZC's cGMP to FDA standard. Dr. Lee was assigned to China in 1996 as the President to Yung Shin Pharmaceutical (KunShan) and worked with other expatriates to build the facility to meet SFDA's cGMP standard. In 2001, Dr. Lee returned to Taiwan and continued his leaderships in YZC and was soon elected as Chairman to the Board. In 2004 he was elected as Director of YSP(TW) and subsequently, Chairman of the Board on 23 November 2005.

Dr. Lee also holds certificate granted by Ministry of Education at Taiwan as an Associate Professor. Dr. Lee is active in many organizations in Taiwan, such as Chinese Pharmaceutical Manufacturing and Development Association and Chinese Medical and Pharmaceutical Technology Development Center where he is the elected Chairman of the Board since April 2005. Presently, Dr. Lee is the Chairman of Nomination Committee of Y.S.P.SAH and he is sibling to Dato' Dr. Lee Fang Hsin and Mdm Lee Ling Chin.

* All the above-named Directors of Y.S.P.SAH have not been convicted of any criminal offences (other than ordinary traffic offences, if any) and they do not have any conflict of interest with the Company.

Corporate Governance Statement

The Board of Directors fully acknowledges the importance of good corporate governance and appropriate measures were taken to regularly review and evaluate the corporate governance adopted by the Group as tabulated below and its compliance with the code of best practices as set out in Part 1 and 2 of the Malaysian Code on Corporate Governance pursuant to Paragraph 15.25 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

BOARD OF DIRECTORS

Composition of the Board of Directors

The Board presently has seven (7) members and is headed by the President/Group Managing Director, Dato' Dr. Lee Fang Hsin. The profile of each Director is presented separately in the Annual Report.

Board Balance

The Board has seven (7) members comprising the following:

- One (1) Chairman (Independent Non-Executive)
- One (1) President/Group Managing Director
- Three (3) Non-Independent Non-Executive Directors
- Two (2) Independent Non-Executive Directors

The Company is in compliance with Paragraph 15.02 of the Listing Requirements whereby one-third of its Board members are independent directors.

Collectively the Directors bring to the Board a wide range of business, financial and technical expertise for the effective management of the Group's business.

In the opinion of the Directors, the current Board composition fairly reflects the investment of minority shareholders in the Company.

All Board members participate fully in decisions on the key issues involving the Group. The President/Group Managing Director has primary responsibilities for managing the Group's day to day operations and together with the Non-Executive Directors to ensure that the strategies proposed by the management are fully discussed and critically examined, taking into account the long term interests of the various stakeholders including shareholders, employees, clients, suppliers and the various communities in which the Group conducts its business.

The Board is assured of a balanced and independent view at all Board deliberations largely due to the presence of its Non-Executive Directors who are independent from Management. The Independent Directors are also free from any business or other relationships that could materially interfere with the exercise of their independent judgment. The Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

As part of its commitment, the Board supports the highest standards of corporate governance and the development of the best practices for the Group.

In addition to the role of guidance by the Independent Non-Executive Directors, each Director exercises independent judgment on decision making and issues of strategy, performance, resources and standard of conduct.

Duties and Responsibilities

The Board retains full and effective control of the Company and the Group. This includes responsibility for determining the Group's overall strategic direction as well as development and control of the Group.

Board Meetings

The Board met five (5) times during the financial year ended 31 December 2009. The members of the Board and their attendance at the meetings, were as follows:

	Directors	Position	No. of Meetings Attended
1.	Datuk Dr. Anis Bin Ahmad	Chairman / Independent Non-Executive Director	5/5
2.	Dato' Dr. Lee Fang Hsin	President Group Managing Director	5/5
3.	Dato' Koay Soon Eng	Independent Non-Executive Director	5/5
4.	Mr. Tu Shu Yao	Independent Non-Executive Director	5/5
5.	Tuan Haji Adi Azuan Bin Abdul Ghani	Non-Independent Non-Executive Director	5/5
6.	Madam Lee Ling Chin	Non-Independent Non-Executive Director	4/5
7.	Dr. Lee Fang Chuan @ Lee Fang Chen	Non -Independent Non-Executive Director	5/5

Appointments to the Board

The appointment of any additional Director is made as and when it is deemed necessary by the existing Board upon recommendation from Nomination Committee with due consideration given to the mix of expertise and relevant experience in the respective industry required for an effective Board.

Members of Nomination Committee comprise exclusively Non-Executive Directors.

The Nomination Committee is empowered by the Board and carries out its terms of reference to consider and evaluate the proposed appointment of new Directors and the appointment of Directors to board Committees of the Company. The Nomination Committee will recommend suitable and eligible candidates to the Board for formal appointment. The Nomination Committee also keeps under review the Board structure, size and composition and the mix of skills and core competencies required for the Board to discharge its duties effectively. In addition, the Nomination Committee will deliberate on Board succession plan as and when appropriate.

The Nomination Committee also assesses the effectiveness of the Board as a whole, the Committee of the Board and the contributions of each individual Director.

The members of the Nomination Committee are as follows:

(a) Dr. Lee Fang Chuan @ Lee Fang Chen (Chairman)
(b) Datuk Dr. Anis Bin Ahmad
(c) Mr. Tu Shu Yao
(d) Madam Lee Ling Chin

Retirement and Re-election

Pursuant to the Company's Articles of Association, one-third (1/3) of the Directors, including the Managing Director, shall retire from office, at least once in three (3) years. Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next Annual General Meeting held following their appointment. Directors over seventy (70) years of age are subject for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Supply of Information

Prior to the Board meetings, all Directors receive the agenda and Board papers containing information relevant to the business of the meeting including information on major financial, operational and corporate matters relating to the activities and performance of the Group. The Board papers were served early to enable Directors to have sufficient time to review the information and to obtain further explanation, where necessary, in order to be properly informed and adequately prepared on all matters to be discussed and deliberated at the meetings.

At each Board meeting, the Directors are given full and comprehensive briefings and updates on the Group's activities and operations by the President/Group Managing Director, supported by members of the senior management, where necessary.

In the exercise and furtherance of their duties, the Directors have access at all times to all information within the Company as well as direct access to the advice and services of the Company Secretary. They may also obtain independent professional opinion and advice at the Company's expense.

Board Committees

To assist the Board in discharging its duties, the following Board Committees were established, each with its own clearly defined terms of reference:

(a) Audit Committee
(b) Remuneration Committee
(c) Nomination Committee
(d) ESOS Committee
(e) Tender Board Committee
(f) Executive Committee

Directors' Training

The Directors received regular briefings by the external and internal auditors and the corporate secretary at Audit Committee meetings and Board meetings on changes and updates of regulatory requirements, rules and regulations. In addition, all Directors are encouraged to attend forums, seminars and conferences to keep abreast of changes in the borderless business environment, to further their knowledge and to better equip them to more effectively discharge their duties as directors and to enhance shareholders' value.

All Directors individually attended training during the financial year under review. Collectively, the Directors also attended a seminar entitled "Risk Management - The Art Of War" on 12 November 2009 at One World Hotel, Petaling Jaya.

DIRECTORS' REMUNERATION

In compliance with the Listing Requirements of Bursa Securities, the Board has established a Remuneration Committee consisting of two (2) Independent Non-Executive Directors and the Group Managing Director. The Committee's primary responsibility is to recommend to the Board the remuneration of Directors. However, the final decision on remuneration for Directors is a matter for the Board as a whole and the respective director involved is required to abstain from discussion of his/her own remuneration.

The members of the Remuneration Committee are as follows:

(a) Datuk Dr. Anis Bin Ahmad (Chairman)
(b) Mr. Tu Shu Yao
(c) Dato' Dr. Lee Fang Hsin

The remuneration of the Directors of the Company for the financial year ended 31 December 2009 is set out below:

	Salaries, bonus & Other emoluments RM'000	Fees RM'000	Total RM'000
Executive Director	691	36	727
Non-Executive Director	-	216	216

Number of Directors whose remuneration falls in bands of RM50,000 is tabulated below:

Remuneration Band	Executive Directors	Non-Executive Directors
Below 50,000		6
RM 700,000-RM750,000	1	

Successive bands of RM50,000 between the two above are not shown as they are not applicable.

SHAREHOLDERS AND INVESTORS

Relationship and dialogue with Shareholders and Investors

The Group values dialogue with shareholders and investors as a means of effective communication that enables the Board to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interests.

The Annual General Meeting is the principal forum for dialogue with individual shareholders. It is a crucial mechanism in shareholder communication for the Company. At the Company's Annual General Meeting, shareholders have direct access to the Board and are given the opportunity to ask questions during the open questions and answers session. The shareholders are encouraged to ask questions on both the resolutions being proposed or about the Group's operations in general.

The Board is also committed to ensure that shareholders are well informed of major developments of the Company and the Group and the information is also communicated to them through the following channels:

(a) Annual Report;

(b) various disclosures and announcements made to Bursa Securities including the quarterly results and annual results; and

(c) the Company's website www.yspsah.com.my through which shareholders and the public in general can gain access to the latest corporate and product information of the Group.

Annual General Meeting

Notice of Annual General Meeting and annual reports are sent out to shareholders at least 21 days before the date of the meeting.

Each item of special business included in the notice of meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is aware of its responsibilities to shareholders and the requirement to present a balanced and comprehensive assessment of the Group's financial position, by means of the annual and quarterly reports and other published information. In this regard, the Board is primarily responsible for the preparation of a financial statement to present a fair and balanced report of the financial state of affairs of the Group.

Before releasing to Bursa Securities, the quarterly financial results are reviewed by the Audit Committee and approved by the Board of Directors. The details of the Company's and the Group's financial positions are included in the Financial Statements section of the Annual Report.

Internal Control

The Board acknowledges its responsibility for maintaining a sound system of internal control in the Company and the Group. These controls can only provide reasonable but not absolute assurance against material misstatement, loss or fraud. Information on the Group's internal control is disclosed in the Statement on Internal Control section in the Annual Report.

Relationship with Auditors

The Company maintains a transparent and professional relationship with the auditors, SJ Grant Thornton. The auditors attended meetings of the Audit Committee as and when required to do so.

DIRECTOR'S RESPONSIBILITY STATEMENT IN RESPECT OF FINANCIAL STATEMENTS

The Board of Directors are required under Paragraph 15.26(a) of the Bursa Securities Listing Requirements to issue a statement explaining their responsibilities in the preparation of the annual financial statements.

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the profit and loss of the Company and of the Group for the financial year.

In preparing the financial statements, the Directors are required to:

(a) use appropriate accounting policies and consistently apply them;
(b) make judgments and estimates that are reasonable and prudent; and
(c) ensure all applicable approved accounting standards have been followed.

The Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and of the Group and to enable them to ensure that the accounts comply with the Companies Act, 1965.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2009, the Group has used the appropriate accounting policies and applied them consistently and prudently. The Directors are of the opinion that all relevant approved accounting standards have been followed and confirm that the financial statements have been prepared on a going concern basis.

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

Other Information

OTHER ADDITIONAL COMPLIANCE INFORMATION

Status of utilization of proceeds raised from Rights Issue.

Purpose	Proposed Utilization RM'000	Actual Utilization as at 31.12.2009 RM'000	Deviation RM'000
Capital expenditure	10,000	2,532	7,468
Repayment of bank borrowings	4,000	4,000	-
Estimated expenses for the Two-Call Rights Issue*	500	311	189
Working Capital*	6,559	6,748	(189)
Total	21,059	13,591	7,468

* Expenses relating to the Rights Issue was lower than estimated, the remaining portion is used for working capital purposes.

As at 30 April 2010, the Company has utilized RM20.137 million out of the total proceeds from Right Issue of RM21.059 million.

Share Buybacks

During the financial year, there were no share buybacks by the Company.

Option, Warrants and Convertible Securities

Save as disclosed below, the Company has not issued any warrants or convertible securities during the financial year.

During the financial year ended 31 December 2009, the Company offered 790,180 options to the eligible employees of the Company under the Employee Share Option Scheme ("ESOS"), of which 431,000 options were exercised by the eligible employees.

A breakdown of the options offered to and exercised by non-executive directors pursuant to the Company's ESOS in respect of the financial year ended 31 December 2009 in tabular form are as follows:

Name of Director	Amount of options offered during the financial year	Amount of options exercised during the financial year
Datuk Dr. Anis Bin Ahmad	6,861	-
Tuan Haji Adi Azuan Bin Abdul Ghani	6,238	-

Sanctions and/or Penalties

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

Non-Audit Fee

The Group paid RM23,383.00 for the taxation service to the Group for the financial year ended 31 December 2009.

Profit Estimate, Forecast or Projection

The Company did not undertake any profit estimates, forecast or projection for the financial year. Thus, there is no variance between the results for the financial year and unaudited results previously released by the Company.

Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

Revaluation Policy on Landed Properties

As disclosed in Note 3.8 of the Notes to the Financial Statements for the financial year ended 31 December 2009.

Material Contracts

The Company and/or its subsidiary companies had not entered into any material contracts which involved Directors' and/or major shareholders' interest, either still subsisting at the end of the financial year, or which were entered into since the end of the previous financial year except for the recurrent related parties transactions as disclosed in this annual report.

Corporate Social Responsibilities ("CSR")

The Group recognizes the importance of being a responsible corporate citizen. During the financial year under review, the Group carried out and participated in various CSR activities with emphasis on creating health awareness among the community:

1. Professional health screening Campaign
   - Bone Density Screening
   - Blood Glucose Screening

   This campaign was conducted in pharmacy by well-trained nutritionist every month. Professional consultation was given during the campaign. In order to promote the importance of bone's health, seminars and screenings were arranged for the public in churches and community halls free of charge.

2. Health seminars
   - Understanding Hepatitis B
   - Healthy Life Health Spine

   Doctor, professors and other health professionals from overseas were invited to conduct public health seminars from time to time in order to update and educate local communities on the latest health information. Local professionals were sent overseas at the company's expense for training and updating their knowledge on latest healthcare developments so that on their return to Malaysia, they will be able to impart the information and knowledge for the benefits of local communities.

3. Donations for Salvation Army

   This campaign was conducted in Mahkota Parade, Melaka on 27 June 2009. The activity was organized in partnership with a well-known local medical centre. The event was well organized and response was overwhelming. The campaign creates community awareness and alert people to the need to be more caring and to be more willing and ready to extend helping hands to those in need.

Recurrent Related Party Transaction of a Revenue Nature

Details of recurrent related party transaction conducted for the financial year ended 31 December 2009.

	Y.S.P.SAH Group	Transaction Party	Nature of Transaction	Interested Related Party	Actual value for financial year ended 31 December 2009 (RM'000)
(a)	Y.S.P. SAH Industries (M) Sdn Bhd ("YSPI")	Yung Zip Chemical Ind. Co. Ltd. ("YZC")	Purchase of raw material	Dato' Dr. Lee Fang Hsin Dr. Lee Fang Chuan @ Lee Fang Chen Lee Ling Chin Dr. Lee Fang Jen Lee Fang Yu Lee Ling Fen Lee Chang Yu Ying The estate of the late Hon Dr. Lee Tien Te	425
	(hereinafter to as "RRPT 1")				
(b)	YSPI	Yung Shin Pharmaceutical Industries Co. Ltd. ("YSP(TW)")	Royalties and license fees payable in respect of Technology Transfer Agreement and purchase of pharmaceutical products	Dato' Dr. Lee Fang Hsin Dr. Lee Fang Chuan @ Lee Fang Chen Lee Ling Chin Dr. Lee Fang Jen Lee Fang Yu Lee Ling Fen Lee Chang Yu Ying The estate of the late Hon Dr. Lee Tien Te	Royalties and license fees 339 Purchase of pharmaceutical products 9,213
	(hereinafter to as "RRPT 2")				
(c)	YSPI	Angel Associates Inc. ("AA")	Purchase of raw material	Dato' Dr. Lee Fang Hsin Dr. Lee Fang Chuan @ Lee Fang Chen Lee Ling Chin Dr. Lee Fang Jen Lee Fang Yu Lee Ling Fen Lee Chang Yu Ying The estate of the late Hon Dr. Lee Tien Te	NIL
	(hereinafter to as "RRPT 3")				

	Y.S.P.SAH Group	Transaction Party	Nature of Transaction	Interested Related Party	Actual value for financial year ended 31 December 2009 (RM'000)
(d)	YSPI	Shanghai Yung Zip Pharm. Trading Co., Ltd ("SYZ")	Purchase of raw material and other chemicals	Dato' Dr. Lee Fang Hsin Dr. Lee Fang Chuan @ Lee Fang Chen Lee Ling Chin Dr. Lee Fang Jen Lee Fang Yu Lee Ling Fen Lee Chang Yu Ying The estate of the late Hon Dr. Lee Tien Te	NIL
	(hereinafter to as "RRPT 4")				
(e)	YSPI	Tien Te (M) Sdn. Bhd. ("TTSB")	Rental payable to TTSB by YSPI for properties known as i) 718 Kiara Green Townhouse, Jln Tun Tun Mohd Fuad, Tmn Tun Dr Ismail 60000 K.L. with an approximately area of 1,334 sq.ft. at a monthly rental of RM2,500. ii) 66 Tmn Pok Ai, Persiaran Rainbow, Jln Tun Admad Zaidi Adruce 93150 Kuching, Sarawak with an approximately area of 6,000 sq.ft. at a monthly rental of RM5,000.	Dato' Dr. Lee Fang Hsin Dr. Lee Fang Chuan @ Lee Fang Chen Lee Ling Chin Dr. Lee Fang Jen Lee Fang Yu The estate of the late Hon Dr. Lee Tien Te	Rental of hostel 90
	(hereinafter to as "RRPT 5")				

	Y.S.P.SAH Group	Transaction Party	Nature of Transaction	Interested Related Party	Actual value for financial year ended 31 December 2009 (RM'000)
(f)	YSPI	Yung Shin Pharmaceutical Ind. (KunShan) Co., Ltd. ("YSPKS")	Purchase of raw material and other chemicals	Dr. Lee Fang Chuan @ Lee Fang Chen Lee Ling Chin Dato' Dr. Lee Fang Hsin Dr. Lee Fang Jen Lee Fang Yu Lee Ling Fen Lee Chang Yu Ying The estate of the late Hon Dr. Lee Tien Te	NIL
	(hereinafter to as "RRPT 6")				
(g)	Y.S.P.SAH	Tien Te (M) Sdn. Bhd. ("TTSB")	Provision of management services by Y.S.P.SAH	Dato' Dr. Lee Fang Hsin Dr. Lee Fang Chuan @ Lee Fang Chen Lee Ling Chin Lee Fang Yu Dr. Lee Fang Jen The estate of the late Hon Dr. Lee Tien Te	Provision of management services 24
	(hereinafter to as "RRPT 7")				
(h)	YSPI	Yung Shin (HK) Company Limited ("YSHK")	Sales of Pharmaceutical Products	Dato' Dr. Lee Fang Hsin Lee Ling Chin	121
	(hereinafter to as "RRPT 8")				
(i)	YSPI	Re-Go Packaging Materials Sdn Bhd ("RGP")	Purchase of packaging material	Dato' Dr. Lee Fang Hsin Mr. Tu Shu Yao	NIL
	(hereinafter to as "RRPT 9")				
(j)	YSPI	Lembaga Tabung Haji	Sales of packaging Products	Lembaga Tabung Haji Tuan Haji Adi Azuan Bin Abdul Ghani	NIL
	(hereinafter to as "RRPT 10")				
(k)	YSPI	Quality Reputation Sdn. Bhd. ("QRSB")	Sales of Pharmaceutical Products	Datuk Dr. Anis Bin Ahmad	116
	(hereinafter to as "RRPT 11")				

Nature of Relationship

Dato' Dr. Lee Fang Hsin, Lee Fang Chuan @ Lee Fang Chen, Lee Ling Chin, Lee Fang Jen, Lee Fang Yu, Lee Ling Fen, Lee Chang Yu Ying and the Estate of Lee Tien Te are indirect major shareholders of Y.S.P.SAH by virtue of their family members' substantial shareholding in YSP(TW), which wholly owns YSP International Co. Ltd. which in turn wholly owns the major shareholder of Y.S.P.SAH namely, YSP SEA Investment Co. Ltd.

(a) As related parties for RRPT1 by virtue of their family members' substantial shareholding in YZC. Dato' Dr. Lee Fang Hsin, Dr. Lee Fang Chuan @ Lee Fan Chen and Lee Ling Chin are also the director of YZC.

(b) As related parties for RRPT2 by virtue of their family members' substantial shareholding in YSP(TW). Dato' Dr. Lee Fang Hsin, Dr. Lee Fang Chuan @ Lee Fan Chen and Lee Ling Chin are also the director of YSP(TW).

(c) As related parties for RRPT3 by virtue of YSP(TW) holds 73.5% interest in AA.

(d) As related parties for RRPT4 by virtue of YSP(TW) has indirect interest of 88.32% in SYZ.

(e) As related parties for RRPT5 and RRPT7 by virtue of their substantial interest in TTSB. Dato' Dr. Lee Fang Hsin is also the director of TTSB.

(f) As related parties for RRPT6 by virtue of YSP(TW) has indirect interest of 87.48% in YSPKS.

(g) For RRPT8, Dato' Dr. Lee Fang Hsin and Lee Ling Chin are also the director and shareholder in YSHK.

(h) Dato' Dr. Lee Fang Hsin and Tu Shu Yao are considered as related parties for RRPT 9 whereby the former is the major shareholder of RGP and the latter has indirect interest in RGP.

(i) For RRPT10, Lembaga Tabung Haji is the major shareholder of Y.S.P.SAH, represented by Adi Azuan Bin Abdul Ghani in the Board of Y.S.P.SAH.

(j) Datuk Dr. Anis Bin Ahmad is considered as related party for RRPT 11 for he is the director and substantial shareholder in QRSB.

Statement on Internal Control

Introduction

Pursuant to the requirements under the Malaysian Code of Corporate Governance for companies listed on the Bursa Malaysia Securities Berhad ("Bursa Malaysia"),the Board, committed to maintaining a sound system of internal control in the Group, is pleased to provide the following statement outlining the processes the Board have adopted in reviewing the system of internal control of the Group for the financial year ended 31 December 2009.

Board Responsibility

The Board recognises the importance of sound internal controls to good corporate governance and affirms its overall responsibility for reviewing the Group's system of internal control and management information system, including systems for compliance and operational controls.

The Audit Committee assists the Board to review the adequacy and integrity of the system of internal controls to ensure that an appropriate mix of techniques is used to obtain the level of assurance required by the Board. Scheduled quarterly meeting of the Audit Committee represent the main platform by which the Group's performance and conduct are monitored and reviewed before reporting and making recommendation to the Board.

Notwithstanding that, there are, however, inherent limitations in any system of internal control preclude absolute assurance against material misstatement or loss, as the system is designed to manage, rather than eliminate the risk that may impede the achievement of business objectives.

Internal Control System

- Board Committees, namely the Audit committee, Nomination Committee, Remuneration Committee, ESOS Committee and Tender Committee have been established with defined functions and responsibilities ;
- Key responsibilities, clear lines of accountability and reporting within the management organisational structure are clearly defined, with clear reporting lines up to the Board and its Committee. Delegation of authority limits for decision making has been established and documented within management of the subsidiaries and the Board;
- The Board is furnished with information pertaining to the running of the Group's operations through various reports prepared by the management. The Group Managing Director reports to the Board on significant updates in the business operations and the financial performance highlights in quarterly basis.
- Regular meetings are conducted within the management and operational levels as to deliberate, identify, discuss and resolve business and operational issues. The Senior Management is aware of, and involved in when necessary in resolving any significant issues identified during the meetings.
- Documented internal procedures are set out in circulars, formalised Standard Operating Procedures have been established and subject to periodical review by the process owners.
- The Group performs comprehensive annual budgeting and forecasting exercise by each operating unit, further consolidated and reviewed by Corporate Finance Unit before tabling to the Board for approval. The Group's performance is monitored monthly against the approved budget with major variances being highlighted and management action taken where necessary.
- The preparation and submission of the Group's financial performance, results and other relevant financial data by the management, both periodically and at the end of the financial year,are reviewed by the Audit Committee and approved by the Board before release to the regulators for announcement.
- The Group is committed to maintaining product safety, purity and efficacy and takes continuous efforts in ensuring the quality and services offered by the Group. The Directors and the Management team ensure that safety and health regulations, environmental requirements and relevant legislations affecting the Group's operations are always complied with. Quality audits are conducted by the Quality Assurance unit periodically at the Bangi manufacturing plant to ensure compliance, consistency and sustainability of quality system in all manufacturing activities.

Internal Audit Function

The Group has engaged Ernst & Young as independent external advisers to perform internal audit services to the Group during the financial year 2009. The external advisers report directly to Audit Committee. To date, the Board is of the view that there is no significant breakdown or weaknesses in the system of internal control of the Group. Although some minor weaknesses were highlighted, these did not result in any form of losses that requires disclosures in the Annual Report. The Board, in striving for continuous improvement, will put in place appropriate action plans, when necessary, to further enhance the Group's system of internal control.

In addition, the Group's own inhouse internal audit unit is responsible for reviewing all processes of the Group and reports independently to the Audit Committee. The internal audit unit conducted audit visits according to the approved audit plan as well as carries out ad hoc audits upon request by Management. The internal audits undertake regular audit visits which cover both routine and financial operations.

Weaknesses in internal controls that result in material losses

There was no material losses during the financial year ended 31 December 2009 as a result of weaknesses in internal control. Nevertheless, Management remains vigilant and continues to take measures to strengthen the control environment to achieve high standards of corporate governance throughout the Group in all business dealings.

Audit Committee

The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting to shareholders and the public and the internal control.

The Audit Committee will adopt practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to all the Company's shareholders.

Membership

The Audit Committee is appointed by the Board and comprises the following members:

Chairman

Dato' Koay Soon Eng	:	Independent Non-Executive Director

Members

Tu Shu Yao	:	Independent Non-Executive Director
Datuk Dr. Anis Bin Ahmad	:	Independent Non-Executive Director
Tuan Haji Adi Azuan Bin Abdul Ghani	:	Non-Independent Non-Executive Director

Terms of Reference

Composition

The composition of the Audit Committee is at least three (3) members all of whom must be non-executive directors and the majority, including the Chairman, must be independent directors.

At least one (1) member of the Committee must:

(a) be a member of Malaysian Institute of Accountants ("MIA"); or

(b) have at least 3 years' working experience and:
  (i) must have passed the examinations specified in Part I of the 1st schedule of the Accountants Act, 1967; or
  (ii) must be a member of one of the associates of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
  (iii) fulfils such other requirements as prescribed or approved by the Exchange.

No alternate director shall be appointed as a member of the Committee.

In the event that the Audit Committee is reduced to less than (3) members, the vacancy shall be filled within 3 months.

The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years. However, the appointment terminates when a member ceases to be a Director.

AUTHORITY

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

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

(b) have adequate resources and unrestricted access to any information from both internal and external auditors and all employees of the Group in performing its duties;

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

(d) be able to obtain external legal or other independent professional advice and to invite outsiders with relevant experience to attend, if necessary; and

(e) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Meetings

The Chairman may call a meeting of the Audit Committee if a request is made by any committee member, any Executive Director, or the external auditors.

A minimum of two members present shall form a quorum provided both of whom present are independent directors. The Committee shall meet with the external auditors and internal auditors without executive board members present at least once a year. The Company Secretary shall act as Secretary of the Audit Committee or in her/his absence, another person authorized by the Chairman of the Audit Committee.

There were Five (5) Audit Committee meetings held during the year 2009. The details of attendance of Committee members are as follows:

Name of Committee Members	**Attendance**
Dato' Koay Soon Eng (Chairman)	5/5
Mr. Tu Shu Yao	5/5
Datuk Dr. Anis Bin Ahmad	5/5
Tuan Haji Adi Azuan Bin Abdul Ghani	5/5

Responsibilities and Duties of the Audit Committee

The duties and responsibilities of the Committee shall include:

(a) To review and recommend the appointment of external auditors, the audit fee and any questions of resignation or dismissal including the nomination of person or persons as external auditors;

(b) To review with the external auditors, the audit plan and audit report;

(c) To review with the external auditors, their evaluation of the system of internal controls;

(d) To review the assistance and cooperation given by the employees of the Company to the external auditors;

(e) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

(f) To review the internal audit programme, processes and the results and findings of the internal audit processes or investigation undertaken and whether or not appropriate corrective actions are taken on the recommendations of the internal audit function;

(g) To review the quarterly results and year end financial statements, prior to their submission for consideration and approval by the board of directors, focusing particularly on:
   (i) changes in or implementation of major new or revised accounting policies ;
   (ii) significant and unusual events; and
   (iii) compliance with accounting standards and other legal and regulatory requirements;

(h) To review any related party transaction and conflict of interest situation that may arise within the company or group including any transaction, procedure or course of conduct that raises questions of management integrity; and

(i) To review whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.

(j) To verify the allocation of options pursuant to a share scheme for employees at the end of each financial year.

Summary of Activities of the Audit Committee

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year ended 31 December 2009 in the discharge of its functions and duties:

(a) Reviewed the scope of work of the external auditors and audit plans for the year.

(b) Reviewed with the external auditors the results of the audit, the audit report and the management letter, including management's response.

(c) Considered and recommended to the Board for approval of the audit fees payable to the external auditors.

(d) Reviewed the internal auditors' scope of work.

(e) Checked with the internal auditors on any findings which require the committee's attention.

(f) Reviewed the internal control policy and internal control system.

(g) Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval.

(h) Reviewed the audited Financial Statements of the Group and the Company prior to submission to the Board for their consideration and approval. The review was to ensure that the audited Financial Statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Financial Reporting Standards ("FRS").

(i) Reviewed the Company's compliance in particular the quarterly and year end financial statements with the Listing Requirements of the Bursa Securities, accounting policy and other legal and regulatory requirements.

(j) Reviewed any related party transactions entered into by the Group.

(k) Reviewed the allotment of ESOS options that were granted to eligible employees during the year to ensure its compliance to the criteria set out in the By-Laws of the Company's ESOS.

Internal Audit Functions

The Group has outsourced its internal audit division to an independent professional consulting firm to assist the Audit Committee in discharging their responsibilities and duties. The role of the internal audit functions is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactory and effectively.

The internal audits cover the review of the adequacy of risk management, operational controls and compliance with established procedures, guidelines and statutory requirements.

The fee (inclusive of service tax) paid to a professional firm in respect of the internal audit function for the financial year ended 31 December 2009 was RM39,600.00.

The detail of internal audit functions during the financial year under review is stated in the Statement on Internal Control of this Annual Report.

Employees' Share Option Scheme ("ESOS")

The allocation of options was reviewed by the Audit Committee to ensure compliance with the allocation criteria determined by the Option Committee and in accordance with the By-Laws of the ESOS.

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Directors' Report

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

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and provision of management services.

The principal activities of the subsidiary companies are disclosed in Note 9 to the Financial Statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the year	12,218	6,772
Attributable to:		
Equity holders of the Company	12,060	
Minority interest	158	
	12,218	

DIVIDENDS

The amounts of dividends declared and paid since the end of the last financial year were as follows:

In respect of the financial year ended 31 December 2008 and paid on 15 July 2009:	RM'000
First and final tax exempt dividend of 6% per ordinary share	4,156

On 22 March 2010, the Directors proposed a first and final single tier dividend of 6% per share (equivalent to RM5,831,448) for the financial year ended 31 December 2009, which is subject to the approval of members at the forthcoming Annual General Meeting of the Company. This dividend will be accounted for in the financial year ending 31 December 2010.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provision during the financial year except as stated in the financial statements and the notes thereto.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:

(a) 27,708,800 ordinary shares of RM1.00 each at an issue price of RM1.00 per share under the Two-Call Rights Issue, of which the first call of RM0.76 was paid in cash and the second call of RM0.24 was capitalised from the Company's retained earnings upon allotment.

(b) 431,000 ordinary shares of RM1.00 each for cash pursuant to Company's Employee Share Options Scheme at an exercise price of RM1.00 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

There were no debentures issued during the financial year.

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The Company's ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 23 June 2006. The ESOS was implemented on 15 August 2006 and is to be in force for a period of 5 years from the date of implementation.

The salient feature and other terms of the ESOS are disclosed in Note 32 to the Financial Statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of persons to whom option have been granted during the financial year and details of their holdings as required by Section 169(11) of the Companies Act, 1965, except for those who have been granted 85,000 shares or more under the ESOS Scheme. This information has been separately filed with the Companies Commission of Malaysia.

The list of employees of the Company who were granted options representing 85,000 ordinary shares and above during the financial year is as follows:

				Number of Share Option		
Name	**Grant Date**	**Expiry Date**	**Exercise Price**	**Granted**	**Exercised**	**31.12.2009**
Lai Chen Chun	15.11.2009	14.8.2011	RM1.00	90,000	-	90,000
Chan Wai Chi	15.11.2009	14.8.2011	RM1.00	90,000	-	90,000

WARRANTS

On 6 December 2007, the Company issued 33,844,455 warrants at an issue price of RM0.19 per warrant pursuant to the Company's renounceable rights issue of warrants on the basis of one warrant for every two existing ordinary shares of RM1.00 each held.

The warrants were listed and quoted on the Main Market of the Official List of Bursa Malaysia Securities Berhad with effect from 12 December 2007.

On 12 August 2009, the Company issued 1,055,608 additional warrants pursuant to adjustments arising from the two-call rights issue. The terms of the warrants are as disclosed in Note 18 to the Financial Statements.

INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

(a) 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; and

(b) to ensure that any current assets 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:

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability 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 affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

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

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

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

OTHER STATUTORY INFORMATION

The Directors state that:

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Datuk Dr. Anis Bin Ahmad (Chairman)
Dato' Dr. Lee Fang Hsin
Dato' Koay Soon Eng
Lee Ling Chin
Dr. Lee Fang Chuan@Lee Fang Chen
Tu Shu Yao
Adi Azuan Bin Abdul Ghani

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in shares and warrants of the Company and its related corporations of those who were Directors during the financial year were as follows:

	← Number of Ordinary Shares →			
	At 1.1.2009	**Bought**	**Sold**	**At 31.12.2009**
Company	**Ordinary shares of RM1 each**			
Direct Shareholding				
Datuk Dr. Anis Bin Ahmad	1,293,750	517,500	-	1,811,250
Dato' Dr. Lee Fang Hsin	4,102,502	3,089,000	-	7,191,502
Dato' Koay Soon Eng	200,000	80,000	-	280,000
Dr. Lee Fang Chuan@Lee Fang Chen	848,624	339,449	-	1,188,073
Lee Ling Chin	719,140	287,656	-	1,006,796
Tu Shu Yao	805,000	80,000	605,000	280,000
Indirect Shareholding				
Dato' Dr. Lee Fang Hsin	28,229,663	11,291,865	-	39,521,528
Dr. Lee Fang Chuan@Lee Fang Chen	28,053,003	11,221,201	-	39,274,204
Lee Ling Chin	28,053,003	11,221,201	-	39,274,204
Subsidiary Companies	**Ordinary shares of PESO 10 each**			
- Yung Shin (Philippines) Inc				
Direct Shareholding				
Dato' Dr. Lee Fang Hsin	1	-	-	1
Dr. Lee Fang Chuan@Lee Fang Chen	1	-	-	1
	Ordinary shares of Rp 92,250 each			
- PT Yung Shun Pharmaceutical Indonesia				
Direct Shareholding				
Dato' Dr. Lee Fang Hsin	4	-	-	4

DIRECTORS' INTERESTS (CONTINUED)

	At 1.1.2009	← Number of Ordinary Shares Bought	Sold →	At 31.12.2009
		Ordinary shares of K 1,000 each		
- Myanmar Yung Shin Pharma Limited				
Direct Shareholding				
Dato' Dr. Lee Fang Hsin	1	-	-	1
Dr. Lee Fang Chuan @ Lee Fang Chen	1	-	-	1
		Ordinary shares of B$ 1.00 each		
- YSP SAH Pharmaceutical (B) Sdn. Bhd.				
Direct Shareholding				
Dato' Dr. Lee Fang Hsin	200	-	-	200

	At 1.1.2009	← Number of Warrants Bought	Sold →	At 31.12.2009
Company				
Datuk Dr. Anis Bin Ahmad	646,875	20,176	-	667,051
Dato' Dr. Lee Fang Hsin	1,976,251	61,639	-	2,037,890
Dato' Koay Soon Eng	50,000	1,560	-	51,560
Dr. Lee Fang Chuan@Lee Fang Chen	374,312	11,675	-	385,987
Lee Ling Chin	309,570	9,655	-	319,225
Tu Shu Yao	352,500	10,995	-	363,495

The interest in ESOS of those who were Directors at the end of the financial year were as follows:

	Unexercised at 1.1.2009	Granted	Exercised	Unexercised at 31.12.2009
Datuk Dr. Anis Bin Ahmad	220,000	6,861	-	226,861
Adi Azuan Bin Abdul Ghani	200,000	6,238	-	206,238

By virtue of Dato' Dr. Lee Fang Hsin's, Dr. Lee Fang Chuan@Lee Fang Chen's and Lee Ling Chin's direct and indirect interest in the shares of the Company, they are deemed to have interest in the subsidiary companies under Section 6A of the Companies Act, 1965 to the extent that the Company has an interest.

No other Director in office at end of the financial year held any interest in the shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company was a party, with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate, other than those arising from the exercise of warrants and share options granted under the Employee Share Option Scheme ("ESOS").

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (except as disclosed in Note 26, 29 and 32 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 30 to the Financial Statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

The significant event subsequent to the balance sheet date is disclosed in Note 38 to the Financial Statements.

AUDITORS

Messrs SJ Grant Thornton has expressed their willingness to continue in office.

On behalf of the Board

DATUK DR. ANIS BIN AHMAD

DATO' DR. LEE FANG HSIN

Kuala Lumpur
22 March 2010

Statement by Directors

Pursuant to Section 169(15) of the Companies Act 1965

In the opinion of the Directors, the financial statements set out on pages 38 to 81 are drawn up in accordance with the provisions of the Companies Act 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board

DATUK DR. ANIS BIN AHMAD

DATO' DR. LEE FANG HSIN

Kuala Lumpur
22 March 2010

Statutory Declaration

Pursuant to Section 169(15) Of The Companies Act 1965

I, Dato' Dr. Lee Fang Hsin, being the Director responsible for the financial management of Y.S.P. Southeast Asia Holding Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 38 to 81 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed at Kuala Lumpur in
the Federal Territory this day of
22 March 2010

DATO' DR. LEE FANG HSIN

BEFORE ME,
COMMISSIONER FOR OATHS

Independent Auditors' Report

To the members of Y.S.P. Southeast Asia Holding Berhad and its subsidiary companies (Incorporated In Malaysia)

Report on the Financial Statements

We have audited the financial statements of Y.S.P. Southeast Asia Holding Berhad, which comprise the balance sheets of the Group and of the Company as at 31 December 2009, the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 38 to 81.

Directors' Responsibilities for the Financial Statements

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

Auditors' Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 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 subsidiary companies 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 all the subsidiary companies of which we have not acted as auditors, as disclosed in Note 9 to the financial statements.

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

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

Other Matters

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

SJ GRANT THORNTON
NO. AF: 0737
Chartered Accountants

HOOI KOK MUN
Chartered Accountant
NO: 2207/01/12(J)
Partner

Kuala Lumpur
22 March 2010

Balance Sheets

As at 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	5	**55,774**	53,421	**-**	-
Prepaid land lease payments	6	**15,813**	16,738	**-**	-
Goodwill on consolidation	7	**67**	67	**-**	-
Intangible assets	8	**518**	530	**-**	-
Investment in subsidiary companies	9	**-**	-	**87,131**	88,435
Investment in associate company	10	**-**	-	**-**	-
Amount due from subsidiary companies	9	**-**	-	**13,949**	2,040
		72,172	70,756	**101,080**	90,475
Current Assets					
Inventories	11	**36,844**	42,063	**-**	-
Trade receivables	12	**35,604**	33,953	**-**	-
Other receivables	13	**7,596**	5,771	**1**	3
Amount due from related parties	14	**44**	28	**-**	-
Amount due from subsidiary companies	9	**-**	-	**12,714**	14,903
Amount due from associate company	10	**287**	309	**-**	-
Fixed deposits with licensed banks	15	**36,436**	7,278	**15,010**	1,400
Cash and bank balances	16	**9,820**	9,498	**497**	209
		126,631	98,900	**28,222**	16,515
TOTAL ASSETS		**198,803**	169,656	**129,302**	106,990
EQUITY AND LIABILITIES					
Total Equity Attributable to Equity Holders of the Company					
Share capital	17	**97,191**	69,051	**97,191**	69,051
Share premium		**213**	481	**213**	481
Reserves	18	**6,227**	6,997	**6,675**	6,690
Retained earnings		**48,894**	47,640	**3,661**	7,695
Total equity attributable to equity holders of the Company		**152,525**	124,169	**107,740**	83,917
Minority interest		**562**	1,273	**-**	-
TOTAL EQUITY		**153,087**	125,442	**107,740**	83,917

BALANCE SHEETS (CONTINUED)

As at 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Non-current liabilities					
Deferred taxation	19	**3,455**	3,526	**-**	-
Term loans	20	**10,443**	15,505	**10,096**	15,143
Finance creditors	21	**972**	856	**-**	-
		14,870	19,887	**10,096**	15,143
Current liabilities					
Trade payables	22	**5,758**	5,013	**-**	-
Other payables	23	**8,800**	7,607	**101**	106
Amount due to subsidiary companies	9	**-**	-	**3,865**	4,074
Amount due to related parties	14	**7,358**	3,595	**-**	-
Bank borrowings	24	**1,000**	2,500	**-**	-
Term loans	20	**7,519**	3,768	**7,500**	3,750
Tax payable		**411**	1,844	**-**	-
		30,846	24,327	**11,466**	7,930
TOTAL LIABILITIES		**45,716**	44,214	**21,562**	23,073
TOTAL EQUITY AND LIABILITIES		**198,803**	169,656	**129,302**	106,990

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

Income Statements

For the financial year ended 31 December 2009

		Group		Company	
	Note	**2009 RM'000**	2008 RM'000	**2009 RM'000**	2008 RM'000
Revenue	25	**130,775**	124,016	**8,408**	5,219
Cost of goods sold	25	**(69,614)**	(61,330)	**-**	-
Gross profit		**61,161**	62,686	**8,408**	5,219
Other income		**1,990**	1,620	**919**	605
Distribution cost		**(33,536)**	(31,166)	**-**	-
Administration Expenses		**(11,228)**	(12,215)	**(613)**	(1,182)
Other expenses		**(949)**	(1,451)	**-**	(224)
Finance cost		**(1,335)**	(1,115)	**(867)**	(468)
Share of loss of associate company		**-**	(10)	**-**	-
Profit before taxation	26	**16,103**	18,349	**7,847**	3,950
Taxation	27	**(3,885)**	(6,048)	**(1,075)**	(204)
Net profit for the year		**12,218**	12,301	**6,772**	3,746
Attributable to:					
Equity holders of the Company		**12,060**	12,367	**6,772**	3,746
Minority interest		**158**	(66)	**-**	-
Net profit for the year		**12,218**	12,301	**6,772**	3,746
Dividend per share (sen)				**6.00**	6.00
Earnings per share					
- Basic (sen)	28	**14.43**	16.63		

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

Statements of Changes in Equity

For the financial year ended 31 December 2009

	Attributable to equity holders of the Company								
	Non-Distributable				Distributable				
	Share Capital RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Other Reserve RM'000	Warrants Reserve RM'000	Retained Earnings RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
Group									
Balance at 1 January 2008	67,879	338	594	264	6,176	39,416	114,667	1,341	116,008
Share issue expenses	-	(1)	-	-	-	-	(1)	-	(1)
First and final tax exempt dividend of 6% per ordinary share	-	-	-	-	-	(4,143)	(4,143)	-	(4,143)
Currency translation difference	-	-	(287)	-	-	-	(287)	-	(287)
Net profit for the year	-	-	-	-	-	12,367	12,367	(66)	12,301
Investment in newly incorporated subsidiary company	-	-	-	-	-	-	-	(2)	(2)
Share options granted under ESOS	-	-	-	398	-	-	398	-	398
Share options granted under ESOS forfeited	-	-	-	(4)	-	-	(4)	-	(4)
Transfer from other reserve upon exercise of ESOS	-	144	-	(144)	-	-	-	-	-
Issue of ordinary share pursuant to ESOS	1,172	-	-	-	-	-	1,172	-	1,172
Balance at 31 December 2008	69,051	481	307	514	6,176	47,640	124,169	1,273	125,442
Share issue expenses	-	(311)	-	-	-	-	(311)	-	(311)
First and final tax exempt dividend of 6% per ordinary share	-	-	-	-	-	(4,156)	(4,156)	-	(4,156)
Currency translation difference	-	-	(755)	-	-	-	(755)	-	(755)
Net profit for the year	-	-	-	-	-	12,060	12,060	158	12,218
Investment in newly incorporated subsidiary company	-	-	-	-	-	-	-	488	488
Additional investment in partly owned subsidiary company	-	-	-	-	-	-	-	(1,357)	(1,357)
Share options granted under ESOS	-	-	-	48	-	-	48	-	48
Share options granted under ESOS forfeited	-	-	-	(20)	-	-	(20)	-	(20)
Transfer from other reserve upon execise of ESOS	-	43	-	(43)	-	-	-	-	-
Issuance of rights issue	27,709	-	-	-	-	(6,650)	21,059	-	21,059
Issuance of ordinary share pursuant to ESOS	431	-	-	-	-	-	431	-	431
Balance at 31 December 2009	97,191	213	(448)	499	6,176	48,894	152,525	562	153,087

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

For the financial year ended 31 December 2009

	← Non-Distributable			→	Distributable	
	Share Capital RM'000	Share Premium RM'000	Other Reserve RM'000	Warrants Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
Company						
Balance at 1 January 2008	67,879	338	264	6,176	8,092	82,749
Share issue expenses	-	(1)	-	-	-	(1)
First and final tax exempt dividend of 6% per ordinary share	-	-	-	-	(4,143)	(4,143)
Share options granted under ESOS	-	-	398	-	-	398
Share option granted under ESOS forfeited	-	-	(4)	-	-	(4)
Transfer from other reserve upon exercise of ESOS	-	144	(144)	-	-	-
Issuance of ordinary share pursuant to ESOS	1,172	-	-	-	-	1,172
Net profit for the year	-	-	-	-	3,746	3,746
Balance at 31 December 2008	69,051	481	514	6,176	7,695	83,917
Share issue expenses	-	(311)	-	-	-	(311)
First and final tax exempt dividend of 6% per ordinary share	-	-	-	-	(4,156)	(4,156)
Share options granted under ESOS	-	-	48	-	-	48
Share option granted under ESOS forfeited	-	-	(20)	-	-	(20)
Transfer from other reserve upon exercise of ESOS	-	43	(43)	-	-	-
Issuance of ordinary share pursuant to ESOS	431	-	-	-	-	431
Issuance of rights issue	27,709	-	-	-	(6,650)	21,059
Net profit for the year	-	-	-	-	6,772	6,772
Balance at 31 December 2009	97,191	213	499	6,176	3,661	107,740

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

Cash Flow Statements

For the financial year ended 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before taxation		**16,103**	18,349	**7,847**	3,950
Adjustments for:					
Allowance for doubtful debts no longer required		**(532)**	(511)	**-**	-
Allowance for doubtful debts		**503**	426	**-**	-
Amortisation of intangible assets		**87**	74	**-**	-
Amortisation of prepaid land lease payments		**315**	345	**-**	-
Allowance for slow moving inventories		**-**	4	**-**	-
Allowance for slow moving inventories no longer required		**(4)**	-	**-**	-
Bad debts written off		**154**	237	**-**	-
Damaged goods written off		**355**	169	**-**	-
Depreciation		**4,658**	4,383	**-**	-
Loss/ (gain) on disposal of property, plant and equipment		**3**	(39)	**-**	-
Dividend income		**-**	-	**(7,680)**	(4,737)
Interest expenses		**1,136**	989	**867**	468
Interest income		**(429)**	(283)	**(805)**	(600)
Impairment loss on investment in associate company		**-**	198	**-**	224
(Gain)/ loss on foreign exchange - unrealised		**(419)**	214	**(114)**	-
Share of loss of associate company		**-**	10	**-**	-
Employees benefits (ESOS)		**28**	394	**28**	394
Property, plant and equipment written off		**90**	27	**-**	-
Operating profit/ (loss) before working capital		**22,048**	24,986	**143**	(301)
Changes in working capital:-					
Inventories		**4,868**	(1,063)	**-**	-
Receivables		**(3,182)**	3,939	**2**	(3)
Payables		**992**	(4,419)	**(5)**	74
Subsidiary companies		**-**	-	**(9,815)**	(11,039)
Associate company		**22**	(309)	**-**	-
Related parties		**3,747**	(325)	**-**	-
Cash generated from/ (used in) operations		**28,495**	22,809	**(9,675)**	(11,269)
Interest paid		**(1,136)**	(989)	**(867)**	(468)
Tax paid		**(5,389)**	(5,380)	**(1,075)**	(204)
Interest received		**429**	283	**805**	600
Net cash from/ (used in) operating activities		**22,399**	16,723	**(10,812)**	(11,341)

CASH FLOW STATEMENTS (CONTINUED)

For the financial year ended 31 December 2009

		Group		Company	
	Note	**2009 RM'000**	2008 RM'000	**2009 RM'000**	2008 RM'000
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		**11**	144	**-**	-
Purchase of property, plant and equipment	A	**(4,291)**	(21,019)	**-**	-
Purchase of intangible assets		**(75)**	(10)	**-**	-
Dividend received		**-**	-	**7,680**	4,737
Acquisition of subsidiary company, net of cash and cash equivalents acquired	B	**-**	19	**-**	(47)
Proceed from issuance of share capital to minority shareholders		**488**	-	**-**	-
Payment made to minority shareholders		**(1,357)**	-	**-**	-
Investment in newly incorporated subsidiary company		**-**	-	**(731)**	-
Additional investment in subsidiary company		**-**	-	**-**	(10,000)
Refund received on property, plant and equipment		**-**	28	**-**	-
Proceed from disposal of subsidiary company		**-**	-	**2,035**	-
Net cash (used in) /from investing activities		(5,224)	(20,838)	**8,984**	(5,310)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceed from issuance of ordinary shares		**431**	1,172	**431**	1,172
Share issue expenses paid		**(311)**	(1)	**(311)**	(1)
Dividend paid		**(4,156)**	(4,143)	**(4,156)**	(4,143)
Proceed from rights issue, net of expenses		**21,059**	-	**21,059**	-
Repayment of finance creditors		**(1,751)**	(1,405)	**-**	-
Net (repayment)/drawndown of term loans		**(1,311)**	16,571	**(1,297)**	18,893
Repayment of short term revolving credit		**(1,500)**	(4,500)	**-**	-
Net cash from financing activities		**12,461**	7,694	**15,726**	15,921
CASH AND CASH EQUIVALENTS					
Effect on foreign exchange rate changes		**(156)**	(258)	**-**	-
Net increase/(decrease)		**29,636**	3,579	**13,898**	(730)
Brought forward		**16,776**	13,455	**1,609**	2,339
Carried forward	C	**46,256**	16,776	**15,507**	1,609

CASH FLOW STATEMENTS (CONTINUED)

For the financial year ended 31 December 2009

NOTES TO THE CASH FLOW STATEMENTS

A. Purchase of Property, Plant & Equipment

The Group acquired property, plant and equipment with aggregate costs of RM7,104,000 (2008: RM23,181,000) of which RM2,813,000 (2008: RM2,162,000) was acquired by means of hire purchase. Cash payments of RM4,291,000 (2008: RM21,019,000) were made to purchase the property, plant and equipment.

B. Acquisition of Subsidiary Company

The fair values of assets and liabilities acquired and assumed arising from the acquisition of subsidiary company in the previous financial year were as follows:

	Group 2008 RM'000
Receivables	5
Cash and bank balances	517
Payables	(29)
Net assets acquired	493
Add: Minority interest	2
Add: Goodwill on consolidation	3
Purchase consideration	498
Less: Cash and bank balances acquired	(517)
Net cash inflow on acquisition of subsidiary company	(19)

C. Cash and Cash Equivalents

	Group		**Company**	
	2009 RM'000	2008 RM'000	**2009 RM'000**	2008 RM'000
Fixed deposits with licensed banks	**36,436**	7,278	**15,010**	1,400
Cash and bank balances	**9,820**	9,498	**497**	209
	46,256	16,776	**15,507**	1,609

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

Notes to the Financial Statements

31 December 2009

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

2. FINANCIAL RISK MANAGEMENT POLICIES

The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and the Company's business whilst managing its risks. The Group and the Company operates within clearly defined guidelines that are approved by the Board and the Group's and the Company's policies are not to engage in speculative transactions.

The main areas of the financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:

2.1 Foreign Currency Risk

The Group and the Company are exposed to foreign currency risk as a result of its normal trading or operating activities, both external and intra-group where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The Group's and the Company's policy is to minimise the exposure of overseas operating subsidiaries or activities to transaction risk by matching local currency income against local currency costs.

2.2 Interest Rate Risk

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

2.3 Credit Risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. This is done through reference to published credit ratings by prime financial institutions. In the absence of published ratings, an internal credit review is conducted if the credit risk is material.

2.4 Market Risk

For key product purchases, the Group establishes floating and fixed price levels that the Group considers acceptable and enters into physical supply agreements, where necessary, to achieve these levels. The Group does not face significant exposure from the risk from changes in price levels.

2.5 Liquidity and Cash Flow Risks

The Group and the Company seek to achieve a balance between certainty of funding even in difficult times for the markets or the Group and the Company and a flexible, cost-effective borrowing structure. This is to ensure that at the minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debts maturity is to ensure that the amount of debts maturing in any one year is not beyond the Group's and the Company's means to repay and refinance.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting Convention

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

The financial statements are presented in Ringgit Malaysia (RM) which is the Company's functional currency. All financial information is rounded to the nearest thousand Ringgit unless otherwise indicated.

3.2 Adoption of Revised Financial Reporting Standards ("FRS")

The following are standards and IC Interpretations which are not yet effective and have not been early adopted by the Group and the Company:

(a)	Amendments to FRS 1	-	First-time Adoption of Financial Reporting Standards. Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate
(b)	FRS 1 (#)	-	First-time Adoption of Financial Reporting Standards
(c)	Amendments to FRS 2	-	Share Based Payment. Amendments relating to vesting conditions and cancellations
(d)	Amendments to FRS 2 (#)	-	Share Based Payment. Amendments relating to the scope of the Standard
(e)	FRS 3 (#)	-	Business Combinations
(f)	FRS 4	-	Insurance Contracts
(g)	Amendment to FRS 5	-	Non-Current Assets Held for Sale and Discontinued Operations. Amendment relating to additional disclosures of non-current assets (or disposal groups)classified as held for sale or discontinued operations
(h)	Amendments to FRS 5 (#)	-	Non-Current Assets Held for Sale and Discontinued Operations. Amendment relating to the inclusion of non-current assets as held for distribution to owners in the standard
(i)	FRS 7	-	Financial Instruments: Disclosures
(j)	Amendment to FRS 7	-	Financial Instruments: Disclosures. Amendment relating to financial assets
(k)	FRS 8	-	Operating Segments
(l)	Amendment to FRS 8	-	Operating Segments. Amendment relating to disclosure information about segment assets
(m)	FRS 101	-	Presentation of Financial Statements (Revised)
(n)	Amendment to FRS 107	-	Statement of Cash Flows. Amendment relating to classification of expenditures on unrecognised assets
(o)	Amendment to FRS 108	-	Accounting Policies, Changes in Accounting Estimates and Errors. Amendment relating to selection and application of accounting policies
(p)	Amendments to FRS 110	-	Events After the Reporting Period. Amendment relating to reason for dividend not recognised as a liability at the end of the reporting period
(q)	Amendment to FRS 116	-	Property, Plant and Equipment. Amendment relating to derecognition of asset
(r)	Amendment to FRS 117	-	Leases. Amendment relating to classification of leases
(s)	Amendment to FRS 118	-	Revenue. Amendment relating to Appendix of this standard and recognition and measurement
(t)	Amendment to FRS 119	-	Employee Benefits. Amendment relating to definition, curtailment and settlements
(u)	Amendment to FRS 120	-	Accounting for Government Grants and Disclosure of Government Assistance. Amendment relating to definition and government loan at a below-market rate of interest
(v)	FRS 123	-	Borrowing Costs
(w)	Amendments to FRS 123	-	Borrowing costs. Amendment relating to exclusion of incidental cost to borrowing
(x)	Amendments to FRS 127	-	Consolidated and Separate Financial Statements. Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate
(y)	FRS 127 (#)	-	Consolidated and Separate Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Adoption of Revised Financial Reporting Standards ("FRS") (continued)

(z)	Amendment to FRS 128	- Investment in Associates. Amendment relating to Impairment losses in application of the equity method and the scope of this standard
(aa)	Amendment to FRS 129	- Financial Reporting in Hyperinflationary Economies. Amendment relating to changing of terms used
(ab)	Amendment to FRS 131	- Interests in Joint Ventures. Amendment relating to additional disclosure required for joint venture that does not apply FRS 131
(ac)	Amendment to FRS 132	- Financial Intruments: Presentation. Amendment relating to puttable financial instrument
(ad)	Amendments to FRS 134	- Interim Financial Reporting. Amendment relating to disclosure of earnings per share
(ae)	Amendments to FRS 136	- Impairment of assets. Amendment relating to the disclosure of recoverable amount
(af)	Amendments to FRS 138	- Intangible assets. Amendments relating to recognition to the revision of an expenses
(ag)	Amendments to FRS 138 (#)	- Intangible assets. Amendments relating to the revision to FRS 3
(ah)	FRS 139	- Financial Instruments: Recognition and Measurement
(ai)	Amendment to FRS 139	- Financial Instruments: Recognition and Measurement. Amendment relating to eligible hedged items, reclassification of financial assets and embedded derivatives
(aj)	Amendment to FRS 140	- Investment Property. Amendment relating to inability to determine fair value reliably
(ak)	IC Interpretation 9	- Reassessment of Embedded Derivatives
(al)	Amendments to IC Interpretation 9 (#)	- Reassessment of Embedded Derivatives. Amendments relating to the scope of the IC and revision to FRS 3
(am)	IC Interpretation 10	- Interim Financial Reporting and Impairment
(an)	IC Interpretation 11	- FRS 2 - Group and Treasury Share Transactions
(ao)	IC Interpretation 12 (#)	- Service Concession Arrangements
(ap)	IC Interpretation 13	- Customer Loyalty Programmes
(aq)	IC Interpretation 14	- FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction
(ar)	IC Interpretation 15 (#)	- Agreements for the Construction of Real Estate
(as)	IC Interpretation 16 (#)	- Hedges of a Net Investment in a Foreign Operation
(at)	IC Interpretation 17 (#)	- Distributions of Non-cash Assets to owners

All the above Amendments, IC Interpretations and FRSs will be effective for accounting period beginning on or after 1 January 2010, other than FRS 8 and those marked with (#) which will be applicable to accounting period beginning on or after 1 July 2009 and 1 July 2010 respectively. The existing FRS 1, FRS 3, FRS 127 as well as FRS 201_{2004} will be withdrawn upon the adoption of the new requirements that take effect on 1 July 2010.

On 19 March 2010, the MASB issued amendments to FRSs as follows:

- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1)
- Improving Disclosures about Financial Instruments (Amendments to FRS 7)
- Amendments to FRS 132 Financial Instruments: Presentation

The Amendments to FRS 1 and FRS 7 shall apply to financial statements of annual periods beginning on or after 1 January 2011.

The Amendments to FRS 132 as identified in paragraphs 95A, 97AA and 97AB of the Standard shall apply to financial statements of annual periods beginning on or after 1 January 2010. The amendments in paragraphs 11, 16 and 97E of the Standard, relating to *Classification of Rights Issues* shall apply to financial statements of annual periods beginning on or after 1 March 2010.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Adoption of Revised Financial Reporting Standards ("FRS") (continued)

All the above Amendments, IC Interpretations and FRSs except for FRS 7, 8, 101, 123, 127#, 139, Amendments to FRS 2, 2 (#), 3 (#), 7, 8, 107, 108, 110, 116, 117, 118, 119, 123, 127, 128, 134, 136, 138, 138#, 139 and IC Interpretation 9 and 10, Amendments to IC Interpretation 9 (#) are not expected to be relevant to the operations of the Company. The Directors anticipate that the other FRS and Amendments to FRS will be adopted in the annual financial statements of the Company for the financial year commencing on or after 1 January 2010 and that the adoption of these new/revised FRS will have no material impact on the financial statements of the Company in the period for initial application except for the following:

FRS 3 Business Combinations

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair values at the acquisition date, with contingent payments classified as debts subsequently re-measured through the income statement. There is a choice to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

FRS 7 Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group's and the Company's financial position and performance, the nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital. The possible impacts of FRS 7 on the financial statements upon its initial application is not disclosed by virtue of the exemption given in this standard.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 2004 Segment Reporting, requires the identification of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. Currently, the Group identifies two sets of segments (business and geographical) using a risks and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of FRS 8, the identification of the Group's reportable segments may change.

FRS 123 Borrowing Costs (Revised)

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as expenses. The Group and the Company shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

FRS 127 Consolidated and Separate Financial Statements

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. Losses are required to allocate to non-controlling interests, even if it results in the non-controlling interest to be in a deficit position.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. By virtue of the exemption in paragraph 103AB of FRS 139, the impact on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed, if any.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key Sources of Estimation Uncertainty

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

Impairment of Intangible Assets

The Group assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If any such indication exists, the Group will estimate the recoverable amount of the intangible assets. This requires the estimation of the value in use of the cash-generating units to which intangible assets are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of Property, Plant and Equipment and Goodwill

The Group and the Company carry out the impairment test based on a variety of estimation including the value-in-use of the cash-generating units to which the property, plant and equipment and goodwill are allocated. Estimating the value-in-use requires the Group and the Company to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Income Taxes

Significant judgement is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax 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.

Amortisation of Intangible Assets

Intangible assets are amortised on straight line basis over their estimated useful life. Management estimated the useful life of these intangible assets to be within 10 to 20 years. Changes in the expected stability of the industry in which the assets operates and changes in market demand for the products output from the assets could impact the economic useful life and the residual values of these assets, therefore future amortisation charges could be revised.

Depreciation of Property, Plant and Equipment

Property, plant and equipment are depreciated on a straight line basis over their estimated useful life. Management estimated the useful life of these assets to be within 2 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

3.4 Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities in which the Group or the Company has the ability to control the financial and operating policies so as to obtain benefits from their activities.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the differences between net disposal proceeds and their carrying amounts is included in the income statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Basis of Consolidation (Continued)

(i) Subsidiaries (Continued)

The consolidated financial statements incorporate the audited financial statements of the Company and its subsidiary companies made up to 31 December 2009.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intra-group balances, transactions and unrealised gains or losses are eliminated in full.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair values of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed and equity instruments issued, plus any costs directly attributable to the acquisition.

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

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

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

In the Company's separate financial statements, investment in associates is stated at cost less impairment losses. On disposal of such investments, the differences between net disposal proceeds and their carrying amounts is included in the income statements.

Investment in associates is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associates is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associates. The Group's share of the net profit or loss of the associates is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associates, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. 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 associates. Group's share of profits or losses of associates during the financial year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained earnings/accumulated losses and other reserves.

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

When the Group's share of losses exceeds its interest in associates, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued unless the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

The unaudited management financial statements of the associate are used by the Group in applying the equity method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Changes in Group Composition

The Group treats all changes in group composition as equity transactions between the Group and its minority interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group's reserves.

3.6 Minority Interest

Minority interest is measured at the minority's share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then. Separate disclosure is made for minority interest.

3.7 Inventories

Inventories are stated at lower of cost and net realisable value. Cost of raw materials and packing material are determined on a first-in-first-out basis. Cost of finished goods and work-in-progress are determined using standard costing method/first-in-first out/weighted average basis. Cost include all expenses incurred in bringing the inventories to their present location and condition. Finished goods and work-in-progress include cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

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

3.8 Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment loss. Freehold land and building in progress are not depreciated. Depreciation on other property, plant and equipment is calculated to write off the cost or valuation of the property, plant and equipment on a straight line basis over the estimated useful lives of the property, plant and equipment concerned.

The principal annual depreciation rates used are as follows:

Freehold buildings	2%
Long leasehold buildings	2%-10%
Furniture, fittings and renovation	8%-50%
Plant, machinery and equipment	10%-25%
Motor vehicles	10%-20%

The Group revalues its properties comprising land and buildings every 5 years or at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surplus arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount will be charged to the income statements.

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from the sale of an asset at arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

3.9 Building in Progress

Building in progress under construction is for intended use as production facility. The amount is stated at cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Assets Acquired Under Lease Arrangements

Finance Lease

The cost of property, plant and equipment acquired under hire purchase arrangements which transferred substantially all the risks and rewards of ownership to the Group are capitalised. The depreciation policy on these assets is similar to that of the Group's property, plant and equipment depreciation policy.

Outstanding obligations due under hire purchase arrangements after deducting finance expenses are included as liabilities in the financial statements. Finance costs, which represent the difference between the total leasing commitment and the fair value of the assets acquired, are recognised as expenses in the income statements over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Leasehold Land

The Directors have applied the transitional provisions of FRS 117 Leases, treating the leasehold land as prepaid land lease payments which was previously classified as property, plant and equipment and allow the Group to retain the unamortised revalued amount of the previously revalued leasehold land as the surrogate carrying amount of prepaid land lease payments and such prepaid land lease payments shall be amortised on a straight line basis over the lease term of 50 to 83 years.

3.11 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. The useful life of intangible assets is assessed to be finite. Intangible assets with finite life are amortised on straight line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite useful life is recognised in the income statements in the expense category consistent with the function of the intangible asset.

The license fees and trademarks are stated at cost and are amortised on a straight line basis over 10 to 20 years.

3.12 Foreign Currency Transactions

The financial statements are presented in Malaysia Ringgit ("RM"), which is also the functional currency of the Company. Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling as at balance sheet date.

Gains and losses resulting from settlement of such transactions and conversion of monetary assets and liabilities, whether realised or unrealised, are included in the income statements as they arise.

For the purposes of consolidation, net assets of the foreign subsidiary companies are translated into Ringgit Malaysia at the exchange rate ruling at the balance sheet date while the income statements items are translated into Malaysian Ringgit at the average exchange rate for the financial year. Exchange differences arising from such translation are taken into exchange fluctuation reserve.

3.13 Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the year in which they are identified. An allowance is made for doubtful debts based on a review of all outstanding amounts at the financial year end.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Income Tax and Deferred Tax Liabilities and Assets

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

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate in respect of all temporary differences at the balance sheet date between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax assets to be utilised, the carrying amount of the deferred tax assets will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

3.15 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, balance with banks, demand deposits and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3.16 Employees Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recongised as expenses in the income statements as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund (“EPF”). Some of the Group’s foreign subsidiaries also make contributions to their respective countries’ statutory pension schemes.

(iii) Share-Based Compensation

The Group operates an equity-settled, share-based compensation plan for the eligible employees of the Group. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the income statements over the vesting periods of the grant with a corresponding increase in the share option reserve within the equity.

The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by vesting date. The fair value of the share options is computed using a Trinomial Model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividend and the risk-free interest rate.

At every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in the income statements and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium account when the share options are exercised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue Recognition

Group

Revenues are recognised upon delivery of goods to customers, net of sales tax and trade discounts.

Company

(i) Management Income

Management income is recognised upon the rendering of services.

(ii) Dividend

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

(iii) Rental Income

Rental income is recognised when the rent is due.

(iv) Interest Income

Interest income is recognised on time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group and the Company.

3.18 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.

3.19 Dividends

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of unappropriated profits in the year in which they are declared and approved.

3.20 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

3.21 Impairment of Assets

The carrying values of assets are reviewed 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 is the higher of net realisable value and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating-units.

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

Subsequent increase in the recoverable amount of an asset is treated as 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 statements immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statements, a reversal of that impairment loss is recognised as income in the income statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 Segmental Results

Segment revenues and expenses are those directly attributable to the segments and include any joint revenues and expenses where a reasonable basis of allocation exists. Segments assets include all assets used by a segment and consist principally of cash and cash equivalents, receivables, inventories, intangibles and property, plant and equipment, net of provision and accumulated depreciation and amortisation. Segments liabilities include all liabilities incurred by a segment and consist principally of payables and borrowings. Segment assets and liabilities include items directly attributable to the segments as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise tax recoverable, tax payable and deferred taxation.

3.23 Intersegment Transfer

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity in arm's length transactions. These transfers are eliminated on consolidation.

3.24 Interest Bearing Borrowings

Interest bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

3.25 Borrowing Costs

All borrowing costs are recognised in the income statements using the effective interest method in the year in which they incurred.

3.26 Warrants

Rights issue of warrants are recognised and credited to warrant reserve based on the proceeds received, net of transaction cost. Upon exercise of warrants, the proceeds are credited to share capital and share premium. The warrant reserve in relation to the unexercised warrants at the expiry of the warrant period will be transferred to share premium.

3.27 Financial Instruments

Financial instruments carried on the balance sheet include cash and bank balances, fixed deposits with licensed banks, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statement associated with each item.

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

4. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company consist of investment holding and provision of management services.

The principal activities of the subsidiaries are as disclosed in Note 9 to the Financial Statements.

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business is located at 16th Floor, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed on 22 March 2010.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land RM'000	Buildings RM'000	Plant, Machinery and Equipment RM'000	Motor Vehicles RM'000	Furniture, Fittings and Renovation RM'000	Total RM'000
Cost or Valuation						
Balance as at 1 January 2008	1,870	25,129	23,800	1,799	11,757	64,355
Additions	-	10,189	1,940	1,331	1,198	14,658
Written off	-	-	(128)	-	(26)	(154)
Refund	-	-	-	(28)	-	(28)
Disposals	-	-	(2)	(481)	(3)	(486)
Translation difference	-	(24)	5	1	(5)	(23)
Balance as at 31 December 2008	1,870	35,294	25,615	2,622	12,921	78,322
Additions	-	1,910	4,454	172	568	7,104
Written off	-	-	(507)	(37)	(236)	(780)
Disposals	-	-	(3)	(20)	-	(23)
Translation difference	-	26	11	(6)	3	34
Balance as at 31 December 2009	1,870	37,230	29,570	2,731	13,256	84,657
Accumulated Depreciation						
Balance as at 1 January 2008	-	2,307	12,145	1,161	5,407	21,020
Charge for the year	-	685	1,982	351	1,365	4,383
Written off	-	-	(105)	-	(22)	(127)
Disposals	-	-	(2)	(376)	(3)	(381)
Translation difference	-	(13)	4	2	13	6
Balance as at 31 December 2008	-	2,979	14,024	1,138	6,760	24,901
Charge for the year	-	671	3,126	403	458	4,658
Written off	-	-	(470)	(37)	(183)	(690)
Disposals	-	-	(3)	(6)	-	(9)
Translation difference	-	7	11	-	5	23
Balance as at 31 December 2009	-	3,657	16,688	1,498	7,040	28,883
Net Carrying Amount						
31 December 2009	1,870	33,573	12,882	1,233	6,216	55,774
31 December 2008	1,870	32,315	11,591	1,484	6,161	53,421
Represented by:						
Cost	-	28,412	29,570	2,731	13,256	73,969
Valuation	1,870	8,818	-	-	-	10,688
	1,870	37,230	29,570	2,731	13,256	84,657

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Analysis of land and buildings at 31 December 2009:

	Building in Progress RM'000	Freehold Land RM'000	Freehold Buildings RM'000	Long Leasehold Buildings RM'000	Total RM'000
Cost or Valuation					
Cost	1,780	-	14	14,517	16,311
Valuation	-	1,870	530	8,288	10,688
Balance as at 1 January 2008	1,780	1,870	544	22,805	26,999
Additions	10,187	-	-	2	10,189
Translation difference	-	-	-	(24)	(24)
Balance as at 31 December 2008	11,967	1,870	544	22,783	37,164
Additions	1,910	-	-	-	1,910
Translation difference	-	-	-	26	26
Balance as at 31 December 2009	13,877	1,870	544	22,809	39,100
Accumulated Depreciation					
Balance as at 1 January 2008	-	-	87	2,220	2,307
Charge for the year	-	-	11	674	685
Translation difference	-	-	-	(13)	(13)
Balance as at 31 December 2008	-	-	98	2,881	2,979
Charge for the year	-	-	-	671	671
Translation difference	-	-	-	7	7
Balance as at 31 December 2009	-	-	98	3,559	3,657
Net Carrying Amount					
31 December 2009	13,877	1,870	446	19,250	35,443
31 December 2008	11,967	1,870	446	19,902	34,185
Represented by:					
Cost	13,877	-	14	14,521	28,412
Valuation	-	1,870	530	8,288	10,688
	13,877	1,870	544	22,809	39,100

Included in property, plant and equipment is net carrying amount of assets of the subsidiary companies held under hire purchase arrangements of RM3,803,936 (2008: RM2,206,814).

Freehold and leasehold properties of a subsidiary company were revalued by an independent professional valuer on 28 November 2006 i.e. P.B. Nehru (BSc. (Hons.) Est. Mgt. MRICS MIS (M)) from City Valuers & Consultants Sdn. Bhd. based on open market value. There is no significant fluctuation noted on the carrying amounts and the market value of the properties revalued. Another subsidiary company's leasehold property was revalued by an independent professional valuer on 11 June 2004 i.e. Kelvin Ng (BSc. (Est) Mgt) from Colliers International Consultancy and Valuation (S) Pte. Ltd.. Valuation was made on the basis of open market value.

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Long leasehold buildings with net carrying amount of RM16,337,000 (2008: RM16,813,000) have been pledged to a licensed bank as collateral for credit facilities granted to the Company. Long leasehold building with net carrying amount of RM1,552,000 (2008: RM1,564,000) has been pledged to a licensed bank to secured term loans granted to a subsidiary company.

Had the land and buildings been carried at historical cost less accumulated depreciation, the net carrying amount of the revalued assets at the end of the financial year are as follows:

	Group	
	2009 RM'000	2008 RM'000
Freehold land and buildings	**1,076**	1,076
Long leasehold building	**8,845**	9,101

6. PREPAID LAND LEASE PAYMENTS

	Group	
	2009 RM'000	2008 RM'000
Cost or Valuation		
At beginning of year		
- Cost	**13,081**	4,558
- Valuation	**4,565**	4,565
Additions - at cost	**-**	8,523
Translation difference	**(640)**	-
At end of year	**17,006**	17,646
Accumulated Amortisation		
At beginning of year	**908**	563
Amortisation charge for the year	**315**	345
Translation difference	**(30)**	-
At end of year	**1,193**	908
Net Carrying Amount		
Analyse as:		
Long leasehold land	**15,813**	16,738

The long leasehold land were revalued by an independent professional valuer on 28 November 2006 i.e P.B. Nehru (BSc. (Hons) Est. Mgt. MRICS MIS (M) from City Valuers & Consultants Sdn. Bhd. based on open market value.

Long leasehold land with aggregate carrying amount of RM8,270,000 (2008: RM8,417,000) has been pledged to a licensed bank as collateral for credit facilities granted to the Company.

7. GOODWILL ON CONSOLIDATION

	Group	
	2009 RM'000	2008 RM'000
At beginning of year	**67**	64
Arising from acquisition of subsidiary company	**-**	3
At end of year	**67**	67

8. INTANGIBLE ASSETS

	Group	
License fees and trade marks:	**2009 RM'000**	2008 RM'000
Cost		
At beginning of year	**724**	714
Additions during the year	**75**	10
At end of year	**799**	724
Accumulated Amortisation		
At beginning of year	**194**	120
Amortisation charge for the year	**87**	74
At end of year	**281**	194
Net Carrying Amount	**518**	530

9. SUBSIDIARY COMPANIES

	Company	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost		
- in Malaysia	**71,083**	73,118
- outside Malaysia	**16,048**	15,317
	87,131	88,435

9. SUBSIDIARY COMPANIES (CONTINUED)

Details of the subsidiary companies are as follows:

Subsidiary Companies	Place of Incorporation	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Principal Activities
Y.S.P. Industries (M) Sdn. Bhd.	Malaysia	100	100	Importer, exporter and manufacturer of pharmaceutical and veterinary products, pharmaceutical fine chemicals and provision of management services
Yung Shin (Philippines), Inc. #	Philippines	99.99	99.99	Manufacturing, importing, exporting, buying and selling of pharmaceuticals and other related products
Myanmar Yung Shin Pharma Limited #	Myanmar	99.40	99.40	Dormant
Kumpulan Y.S.P. (Malaysia) Sdn. Bhd.	Malaysia	100	100	Dormant
Yung Shin Pharmaceutical (Singapore) Pte. Ltd. #	Singapore	100	100	Importer and exporter of all kinds of pharmaceutical products
Y.S.P. (Cambodia) Pte. Ltd. #	Cambodia	100	100	Providing consultancy and management services in respect of product registration, trademark registration and\ national marketing and trading in all kinds of pharmaceutical products
PT Yung Shin Pharmaceutical Indonesia #	Indonesia	99.92	99.92	Trading in all kinds of pharmaceutical products
Sun Ten Pharmaceutical Mfg. (M) Sdn. Bhd.	Malaysia	-	60	Trading in traditional herbal products
Y.S.P.SAH (Vietnam) Co. Ltd. #	Brunei Darussalam	100	100	Investment holding
YSPSAH Pharmaceutical (B) Sdn. Bhd. #	Brunei Darussalam	99	99	Dormant
Sun Ten Southeast Asia Holding Pte. Ltd. #	Singapore	60	-	Investment holding
Subsidiary company of Sun Ten Pharmaceutical Mfg. (M) Sdn. Bhd.				
Sun Ten (Singapore) Private Limited #	Singapore	-	100	Importer, exporter and trading in all kinds of pharmaceutical products
Subsidiary company of Y.S.P. SAH (Vietnam) Co. Ltd.				
Y.S.P. Industries (Vietnam) Co. Ltd. #	Vietnam	100	100	Dormant
Subsidiary companies of Sun Ten Southeast Asia Holding Pte. Ltd.				
Sun Ten Pharmaceutical Mfg. (M) Sdn Bhd	Malaysia	100	-	Trading in traditional herbal products
Sun Ten (Singapore) Private Limited #	Singapore	100	-	Importer, exporter and trading in all kinds

 # Subsidiary companies not audited by SJ Grant Thornton

9. SUBSIDIARY COMPANIES (CONTINUED)

Included in the amount due from subsidiary company is RM2,040,000 (2008: RM2,040,000) and RM3,000,000 (2008: Nil) which is unsecured, bears interest at the rate of 3.50% per annum and repayable in 12 installments on a monthly basis commencing on June 2013 and June 2011 respectively.

Included in the amount due from subsidiary company is RM1,924,782 (2008: Nil) which is unsecured, bears interest at the rate of 3.50% per annum and repayable in 12 installments on a monthly basis commencing on December 2011.

Included in the amount due from subsidiary company is RM6,984,380 (2008: Nil) which is unsecured, bears interest at the rate of 4.00% per annum and repayable in 20 installments on a monthly basis commencing on January 2012.

Included in the amount due from subsidiary company is RM10,594,535 (2008:RM10,646,696) which is unsecured, bears interest at the rate of 4.82% (2008: 4.82%) per annum, and will be repayable in 11 installments on a quarterly basis commencing on July 2009.

In the previous year, included in the amount due from subsidiary company is RM4,000,000 which is unsecured, bears interest at the rate of 3.5% per annum and has been fully repaid in April 2009.

The other amounts due from/to subsidiary companies are unsecured, interest free and repayable upon demand.

10. INVESTMENT IN ASSOCIATE COMPANY

	Group		Company	
	2009 RM'000	2008 RM'000	**2009 RM'000**	2008 RM'000
Unquoted shares, at cost	**224**	224	**224**	224
Share of post acquisition loss	**(26)**	(26)	**-**	-
Impairment loss recognised	**(198)**	(198)	**(224)**	(224)
	-	-	**-**	-

Details of the associate company are as follows:

Associate Companies	Place of Incorporation	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Principal Activities
Y.S.P. (Thailand) Co. Ltd.	Thailand	48.56	48.56	Trading in drug medicine, pharmaceutical and chemical products and medical equipment

The associate company is not audited by SJ Grant Thornton.

The amount due from associate company is unsecured, interest free and repayable upon demand.

11. INVENTORIES

	Group	
	2009 RM'000	2008 RM'000
At cost :		
Raw materials	**6,180**	8,017
Finished goods	**25,000**	28,016
Work-in-progress	**3,058**	3,487
Packaging materials	**2,606**	2,547
Allowance for slow moving inventories	**-**	(4)
	36,844	42,063

12. TRADE RECEIVABLES

	Group	
	2009 RM'000	2008 RM'000
Trade receivables	**36,112**	34,490
Less: Allowance for doubtful debts	**(508)**	(537)
	35,604	33,953

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

	Group	
	2009 RM'000	2008 RM'000
US Dollar	**8,967**	6,333
Singapore dollar	**2,689**	2,323
	11,656	8,656

The normal trade credit terms granted to the trade receivables range from 90 days to 150 days.

13. OTHER RECEIVABLES

	Group		Company	
	2009 RM'000	2008 RM'000	**2009 RM'000**	2008 RM'000
Non-trade receivables	**1,262**	1,611	**-**	-
Deposits	**559**	406	**-**	-
Downpayment				
- plant and machinery	**2,224**	1,162	**-**	-
Prepayments				
- finance creditors	**515**	465	**-**	-
- advance deposits to suppliers	**1,457**	951	**-**	-
- Product registration fees	**-**	119	**-**	-
- others	**1,579**	1,057	**1**	3
	7,596	5,771	**1**	3

14. RELATED PARTIES

Related parties refer to Yung Shin Pharmaceuticals Industries Co. Ltd.'s group of companies, a company incorporated in Taiwan, Republic of China.

The amounts due from/to related parties are unsecured, bear no interest and repayable upon demand.

15. FIXED DEPOSITS WITH LICENSED BANKS

The currency exposure profile of the fixed deposits is as follows:

	Group	
	2009 RM'000	2008 RM'000
US Dollar	**2,012**	285
Vietnam Dong	**5,943**	266
	7,955	551

16. CASH AND BANK BALANCES

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

	Group	
	2009 RM'000	2008 RM'000
US Dollar	**1,180**	1,607
Singapore Dollar	**1,985**	1,729
	3,165	3,336

17. SHARE CAPITAL

	Group and Company	
	2009 RM'000	2008 RM'000
Authorised:		
Ordinary shares of RM1.00 each	**250,000**	250,000
Issued and fully paid:		
Ordinary shares of RM1.00 each		
At beginning of year	**69,051**	67,879
Issued during the year	**28,140**	1,172
At end of year	**97,191**	69,051

18. RESERVES

	Group		Company	
	2009 RM'000	2008 RM'000	**2009 RM'000**	2008 RM'000
(a) Exchange fluctuation reserve:				
At beginning of year	**307**	594	**-**	-
Translation of foreign subsidiary companies	**(755)**	(287)	**-**	-
At end of year	**(448)**	307	**-**	-
(b) Warrants reserve:				
At beginning/end of year	**6,176**	6,176	**6,176**	6,176
(c) Other reserve:				
At beginning of year	**514**	264	**514**	264
Share based payment under ESOS	**(15)**	250	**(15)**	250
At end of year	**499**	514	**499**	514
	6,227	6,997	**6,675**	6,690

The above reserves are not available for distribution as dividends.

Warrants Reserve

On 6 December 2007, the Company issued 33,844,455 warrants at an issue price of RM0.19 per warrant pursuant to the Company's Rights Issue.

The terms of the warrants are as follow:

(a) Exercise rights - each warrant carries the entitlement, at any time during the exercise period, to subscribe for one (1) new ordinary share at the exercise price, subject to the adjustments in accordance with the provisions of the Deed Poll.

(b) Exercise price - the exercise price of the warrants has been fixed at RM1.48 per warrant, subject to such adjustment as may be allowed under the Deed Poll.

(c) Exercise period - the period commencing on and including the day of issuance of the warrants and expiring on the fifth anniversary of the issue date. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose.

(d) Transferability - the warrants will be transferable at a board lot of 100 warrants as determined by Bursa Malaysia Securities Berhad.

(e) Ranking - the 33,844,455 new ordinary shares to be issued pursuant to the exercise of the warrants will, upon allotment and issue, rank pari passu in all respects with the then existing ordinary shares except that such new ordinary shares shall not be entitled for any dividend, rights, allotments and/or other distributions, the entitlement date of which precedes or falls on the date of allotment of the new ordinary shares, and will be subject to all the provisions of the Articles of Association of the Company.

On 12 August 2009, the Company issued 1,055,608 additional warrants pursuant to adjustments arising from the two-call rights issue.

Other Reserve

Other reserve represents fair value adjustment of unexercised 3,738,000 (2008: 3,497,000) ordinary shares options granted under ESOS.

19. DEFERRED TAXATION

Deferred tax liabilities

	Group 2009 RM'000	Group 2008 RM'000
At beginning of year	**3,526**	3,309
Transferred (to)/from income statements (Note 27)	**(71)**	217
At end of year	**3,455**	3,526

The balance in the deferred taxation is made up of tax effects on temporary differences arising from:

	Group 2009 RM'000	Group 2008 RM'000
Carrying amount of property, plant and equipment in excess of their tax base	**3,522**	3,595
Other temporary differences	**(67)**	(69)
	3,455	3,526

20. TERM LOANS

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Secured:				
Payable within 12 months				
Term loan 1	**19**	18	**-**	-
Term loan 2	**7,500**	3,750	**7,500**	3,750
	7,519	3,768	**7,500**	3,750

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Payable after 12 months				
Term loan 1	**347**	362	**-**	-
Term loan 2	**10,096**	15,143	**10,096**	15,143
	10,443	15,505	**10,096**	15,143
Total term loans	**17,962**	19,273	**17,596**	18,893

20. TERM LOANS (CONTINUED)

Term loan 1

This term loan bears interest at the rate of 4.75% (2008: 4.75% to 5.25%) per annum and is repayable by 240 monthly installments commencing on October 2006. It is secured by fresh first legal mortgage on the subsidiary company's leasehold properties.

Term loan 2

This term loan is secured by:

(i) 3rd party 1st legal charge on the long leasehold buildings which are registered under the name of a subsidiary company.
(ii) Execution letter of Hibah.

The term loans consist of Bai Inah Amanah Term Financing - i1 and Bai Inah Amanah Term Financing - i2. Both term loans bear profit margin at the rates of 2.81% to 4.82% (2008: 2.81% to 4.82%) and are repayable in 16 quarterly instalments commencing July 2009.

The currency exposure profile of the term loans is as follows:

	Group	
	2009 RM'000	2008 RM'000
Singapore dollar	**366**	380

21. FINANCE CREDITORS

	Group	
	2009 RM'000	2008 RM'000
Minimum lease payments		
- within 1 year	**1,858**	883
- after 1 year but not later than 5 years	**1,018**	926
	2,876	1,809
Less : Interest-in-suspense	**(140)**	(135)
Present value of finance creditors	**2,736**	1,674
Present value of finance creditors		
- within 1 year (Note 23)	**1,764**	818
- after 1 year but not later than 5 years	**972**	856
	2,736	1,674

The amount payable within 1 year has been included in other payables.

22. TRADE PAYABLES

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

	Group	
	2009 RM'000	2008 RM'000
US Dollar	**2,664**	2,096

The normal trade credit terms granted by trade payables range from 90 days to 180 days.

23. OTHER PAYABLES

Deferred tax liabilities

	Group		Company	
	2009 RM'000	2008 RM'000	**2009 RM'000**	2008 RM'000
Finance creditors (Note 21)	**1,764**	818	**-**	-
Guarantee deposits payable	**146**	152	**-**	
Non-trade payables	**4,165**	4,186	**8**	1
Accrual of expenses	**2,725**	2,451	**93**	105
	8,800	7,607	**101**	106

24. BANK BORROWING

	Group	
	2009 RM'000	2008 RM'000
Secured:		
Short term revolving credit	**1,000**	2,500

The bank borrowing is secured by:

(i) An "all monies" facilities agreement:
(ii) Corporate Guarantee from the Company;
(iii) Trade Finance General Agreement and Islamic Trade Finance General Agreement;
(iv) Negative pledge; and
(v) Letter of undertaking from the Company.

The short term revolving credit bears interest at rates ranging from 0.50% to 0.75% (2008: 0.50% to 0.75%) above cost of fund.

25. REVENUE AND COST OF GOODS SOLD

	Group		Company	
	2009 RM'000	2008 RM'000	**2009 RM'000**	2008 RM'000
Revenue				
Sales of goods outside the Group	**130,751**	123,992	**-**	-
Management income	**24**	24	**728**	482
Dividend income	**-**	-	**7,680**	4,737
	130,775	124,016	**8,408**	5,219
Cost of Sales				
Sales of goods outside the Group	**69,614**	61,330	**-**	-

26. PROFIT BEFORE TAXATION

Profit before taxation has been determined after charging/(crediting) amongst other items the following:

	Group		Company	
	2009 RM'000	2008 RM'000	**2009 RM'000**	2008 RM'000
Auditors' remuneration:				
- statutory audit	**49**	46	**7**	6
- other auditors	**46**	35	**-**	-
- others	**19**	25	**-**	-
Bad debts written off	**154**	237	**-**	-
Damaged goods written off	**355**	169	**-**	-
Depreciation	**4,658**	4,383	**-**	-
Directors' remuneration				
- fees	**252**	252	**252**	252
- other emoluments	**1,081**	809	**-**	50
Employees benefits (ESOS)	**28**	394	**28**	394
Impairment loss on investment in associate company	**-**	198	**-**	224
Allowance for doubtful debts	**503**	426	**-**	-
Amortisation of prepaid land lease payments	**315**	345	**-**	-
Amortisation of intangible assets	**87**	74	**-**	-
Interest expenses				
- hire purchase	**159**	58	**-**	-
- term loan	**936**	838	**867**	468
- overdraft	**-**	37	**-**	-
- short term revolving credit	**41**	56	**-**	-
Property, plant and equipment written off	**90**	27	**-**	-
Rental of premises	**1,018**	793	**-**	-
Allowance for slow moving inventories	**-**	4	**-**	-
Allowance for slow moving inventories no longer required	**(4)**	-	**-**	-
Allowance for doubtful debts no longer required	**(532)**	(511)	**-**	-
Dividend income	**-**	-	**(7,680)**	(4,737)
(Gain)/loss on foreign exchange				
- realised	**(164)**	(548)	32	-
- unrealised	**(419)**	214	**(114)**	-
Loss/(Gain) on disposal of property, plant and equipment	**3**	(39)	**-**	-
Interest income	**(429)**	(283)	**(805)**	(600)
Rental income	**(79)**	(74)	**-**	-

27. TAXATION

	Group		Company	
	2009 RM'000	2008 RM'000	**2009 RM'000**	2008 RM'000
In Malaysia				
Current year taxation	**3,708**	4,893	**1,059**	200
Transferred (from)/to deferred taxation (Note 19)	**(151)**	396	**-**	-
(Over)/under provision in prior year	**(108)**	(112)	**16**	4
Outside Malaysia				
Current year taxation	**244**	612	**-**	-
Transferred (from)/to deferred taxation (Note 19)	**80**	(179)	**-**	-
Underprovision in prior year	**112**	438	**-**	-
Total	**3,885**	6,048	**1,075**	204

Provision for taxation for companies incorporated in Malaysia is determined by applying the current Malaysian tax rate on chargeable income. Taxation for other jurisdictions is calculated at the tax rates prevailing in the respective jurisdictions.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends to the extent of approximately RM1,513,000 (2008: RM1,513,000) out of its retained earnings as at 31 December 2009.

However, the above amounts are subject to the approval of the Inland Revenue Board of Malaysia.

A reconciliation of income tax expenses on profit before taxation with applicable statutory income tax rate is as follows:

	Group		Company	
	2009 %	2008 %	**2009 %**	2008 %
Tax at applicable income tax rate	**25.0**	26.0	**25.0**	26.0
Income not subject to tax	**(0.8)**	(0.8)	**(11.8)**	(31.2)
Non-allowable expenses	**5.6**	6.9	**0.3**	10.3
Expenses allowed for double deduction	**(0.6)**	(0.7)	**-**	-
Tax effect on the utilisation of reinvestment allowances	**(1.6)**	(1.2)	**-**	-
Underprovision in prior year	**-**	1.8	**0.2**	0.1
Underprovision in current year	**(2.0)**	-	**-**	-
Deferred tax liabilities underprovided in current year	**(1.5)**	-	**-**	-
Deferred tax liabilities underprovided in prior year	**-**	1.0	**-**	-
Tax at average effective tax rate	**24.1**	33.0	**13.7**	5.2

28. EARNINGS PER SHARE

Group

The earnings per share has been calculated based on Group's profit attributable to ordinary equity holders of the Company of RM12,060,000 (2008: RM12,367,000) and the adjusted weighted average number of shares issued during the financial year of 83,578,075 (2008: 74,354,846).

(a) Basic earning per share

Basic earning per share is calculated by dividing Group's profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2009	2008
Group's profit attributable to ordinary equity holders of the Company (RM'000)	**12,060**	12,367
Weighted average number of ordinary shares in issue as at 31 December 2008 ('000)	**-**	68,420
Adjusted weighted average number of ordinary shares including effects of rights issue ('000)	**83,578**	74,355
Basic earnings per share (sen)	**14.43**	16.63

(b) Diluted earning per share

The calculation of diluted earning per share was based on Group's profit attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding after adjustment for the effect of dilutive potential ordinary shares.

The diluted earnings per share as at 31 December 2009 is not presented as it becomes anti-dilutive.

29. RELATED PARTY DISCLOSURES

(a) Significant related party transactions during the financial year were as follows:

	Group		**Company**	
	2009 RM'000	2008 RM'000	**2009 RM'000**	2008 RM'000
Related parties:				
Purchase of pharmaceutical products	**9,638**	10,821	**-**	-
Sales of pharmaceutical products	**343**	421	**-**	-
Consultancy fees payable	**339**	592	**-**	-
Companies in which certain Directors have interest:				
Purchase of packaging materials	**-**	18	**-**	-
Sales of pharmaceutical products	**116**	10	**-**	-
Rental paid	**90**	90	**-**	-
Management fee received	**24**	24	**24**	12
Subsidiary companies:				
Interest received	**-**	-	**650**	549
Management fee received	**-**	-	**704**	470
Dividend received	**-**	-	**7,680**	4,737

29. RELATED PARTY DISCLOSURES (CONTINUED)

(b) The remuneration of Directors and other members of key management personnel during the financial year were as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	**2009 RM'000**	2008 RM'000
Salaries and other short-term employee benefits	**1,740**	2,401	**252**	302

(c) Key management personnel have been granted with the following number of share options:

	Group and Company	
	2009 '000	2008 '000
At beginning of financial year	**1,481**	626
Granted	**175**	1,575
Exercised	**(304)**	(720)
At end of financial year	**1,352**	1,481

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year were as follows:

(a) On 5 February 2009, the Company incorporated a subsidiary with 60% equity, namely Sun Ten Southeast Asia Holding Pte. Ltd. The total paid-up capital of Sun Ten Southeast Asia Holding Pte. Ltd. was SGD500,000 (equivalent to RM1,218,900).

(b) On 12 August 2009, the Company issued a total of 27,708,800 ordinary shares of RM1.00 each at an issue price of RM1.00 per share under the two-call rights issue, of which the first call of RM0.76 was paid in cash and the second call of RM0.24 was capitalised from the Company's retained earnings upon allotment.

(c) On 12 November 2009, Sun Ten Southeast Asia Holding Pte. Ltd. entered into a Shares Purchase Agreement for the acquisition of Sun Ten Pharmaceutical Mfg. (M) Sdn. Bhd. and Sun Ten (Singapore) Pte. Ltd. Such restructuring is to streamline the Group's business activities.

31. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The interest rate risk that financial instruments' values will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on classes of financial assets and financial liabilities, were as follows:

Group	**Less Than 1 Year RM'000**	**2 to 5 Years RM'000**	**Total RM'000**	**Effective Weighted Average Interest Rates/Profit Margin During the Year**
2009				
Financial Asset				
Fixed deposits with licensed banks	36,436	-	36,436	0.05% - 9.7%

31. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Interest rate risk (Continued)

Group 2009	Less Than 1 Year RM'000	2 to 5 Years RM'000	Total RM'000	Effective Weighted Average Interest Rates/Profit Margin During the Year
Financial Liabilities				
Short term revolving credit	1,000	-	1,000	3.10% - 3.16%
Term loans	7,519	10,443	17,962	2.81% - 4.82%
Finance creditors	1,764	972	2,736	1.95% - 3.25%
Group 2008				
Financial Asset				
Fixed deposits with licensed banks	7,278	-	7,278	1.80% - 5.75%
2008				
Financial Liabilities				
Short term revolving credit	2,500	-	2,500	4.29% - 4.74%
Term loans	3,768	15,505	19,273	2.81% - 5.25%
Finance creditors	818	856	1,674	2.00% - 4.22%
Company 2009				
Financial Assets				
Fixed deposits with licensed banks	15,010	-	15,010	1.35% - 2.05%
Amount due from subsidiary companies	10,595	13,949	24,544	3.50% - 4.82%
Financial Liability				
Term loan	7,500	10,096	17,596	2.81% - 4.82%
2008				
Financial assets				
Fixed deposits with licensed banks	1,400	-	1,400	2.50% - 3.00%
Amount due from subsidiary companies	14,647	2,040	16,687	3.50% - 4.82%
Financial Liability				
Term loan	3,750	15,143	18,893	2.81% - 4.82%

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit Risk

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheet.

The Group has no significant concentration of credit risk with any single counterparty. In respect of investment in cash, the policy is to transact with financial institutions that have at least a short term counterparty rate.

As at 31 December 2009, the Group and the Company have no significant credit risk associated with its exposure to potential counterparty for failure to settle outstanding foreign currency balances.

32. EMPLOYEES BENEFITS EXPENSE AND INFORMATION

(a) Employees Benefits

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The Company's ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 23 June 2006. The ESOS was implemented on 15 August 2006 and is to be in force for a period of 5 years from the date of implementation.

The Salient features of the ESOS are as follows:

(i) The Options Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant option to eligible employees of the Group to subscribe for new ordinary shares of RM1.00 each in the Company.

(ii) Subject to the discretion of the Options Committee, eligible employees are those who are at least 18 years of age and with the designation of Assistant Section Manager or above and confirmed in writing as a full time employees and have served as full time employees for at least six (6) months of continuous service prior to and up to the date of offer which include service during the probation period.

(iii) Eligible Directors are those who are at least 18 years of age and have been appointed as a Director of a company within the Group for a period of at least three (3) months and should have their entitlements under the Scheme approved by the shareholders of the Company in a general meeting.

(iv) The maximum number of new Company's shares to be issued pursuant to the exercise of the Option which may be granted under the Scheme shall not exceed 10% of the total issued and paid-up ordinary share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to Directors and senior management of the Group. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual eligible employees who, either singly or collectively through persons connected with the eligible employees, hold 20% or more in the issued and paid-up ordinary share capital of the Company.

(v) The option price shall be fixed based on the higher of the following:

  (a) the 5-day weighted average market price of the shares of the Company immediately preceding the date of offer with a discount of not mare than 10%; or

  (b) the par value of the Company's shares.

(vi) The option granted to a grantee is exercisable only by that grantee during his lifetime whilst the grantee is in the employment by or appointment in the Group within the option period.

(vii) The new Company's shares to be allotted and issued upon any exercise of the option will upon allotment and issuance, rank pari passu in all respects with the then existing issued and paid-up ordinary shares of the Company, save and except that the new Company's shares so issued will not be entitled to rights arising on a liquidation of the Company and dividend, right, allotment and/or other distribution where the entitlement date precedes the date of allotment of the new Company's shares and will be subject to all the provision of the Articles relating to transfer, transmission or otherwise of the Company's shares.

(viii) All options to the extent that have not been exercised upon the expiry of the option period shall automatically lapse and become null and void and have no further effect.

32. EMPLOYEES BENEFITS EXPENSE AND INFORMATION (CONTINUED)

(a) Employees Benefits (Continued)

EMPLOYEE SHARE OPTION SCHEME ("ESOS") (Continued)

The terms of share options outstanding as at end of the financial year are as follows:

Number of options over ordinary shares of RM1.00 each

Grant Date	Expiry Date	Exercise Price	Adjusted Exercise Price Due to Rights Issue	At Beginning of Year	Granted '000	Exercised '000	Forfeited '000	Adjustments Due to Rights Issue '000	At End of Year '000
22.8.2006	14.8.2011	RM 1.01	RM1.00	256	-	-	5	8	259
22.8.2007	14.8.2011	RM 1.13	RM1.10	1,177	-	-	60	36	1,153
15.5.2008	14.8.2011	RM 1.00	RM1.00	2,064	-	257	53	57	1,811
15.11.2009	14.8.2011	RM 1.00	RM1.00	-	689	174	-	-	515

The fair value of share options granted during the year was estimated using a Trinomial Model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	2009	2008
Fair value of share options (RM)	**0.07**	0.12
Weighted average share price (RM)	**1.06**	1.12
Weighted average exercise price (RM)	**1.00**	1.00
Expected volatility (%)	**10.00**	10.00
Expected life (years)	**1.74**	3.25
Risk free rate (%)	**2.15**	3.50
Expected dividend yield (%)	**5.66**	5.36

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

(b) Employees Benefits Expense

	Group	
	2009 RM'000	2008 RM'000
Staff costs	**31,973**	28,472

Included in the above are Directors' emoluments and defined contribution plan of RM1,333,000 (2008: RM1,061,000) and RM3,087,181 (2008: RM2,650,000) respectively.

33. CAPITAL COMMITMENTS

Capital commitments expenditure in respect of the following are not provided for in the financial statements:

	Group	
	2009	2008
	RM'000	RM'000
Authorised and contracted for:		
- Buildings in progress	**7,369**	2,733
- Plant and machinery	**3,242**	1,701
	10,611	4,434
Approved but not contracted for:		
- Buildings in progress	**9,091**	-

34. CONTINGENT LIABILITIES

	Company	
	2009	2008
	RM'000	RM'000
Corporate guarantee given to licensed banks for banking facilities granted to a subsidiary company	**1,000**	2,500

35. SEGMENTAL REPORTING

(i) Primary Segmental Reporting - Business Segment

The Group is organised based on three major business segments as follows:

Business Segments	**Business Activities**
Pharmaceutical trading	Import, export and trading in various kinds of pharmaceutical products
Pharmaceutical manufacturing	Manufacturing of pharmaceutical products
Other operations	Investment holding

35. SEGMENTAL REPORTING (CONTINUED)

(i) Primary Segmental Reporting - Business Segment (Continued)

Year ended 31 December 2009	Pharmaceutical Trading RM'000	Pharmaceutical Manufacturing RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External	22,916	107,835	24	-	130,775
Intersegment	253	7,135	8,384	(15,772)	-
Total revenue	23,169	114,970	8,408	(15,772)	130,775
Results					
Segment results	1,386	15,208	7,909	(7,494)	17,009
Interest income	121	199	805	(696)	429
Profit from operations	1,507	15,407	8,714	(8,190)	17,438
Finance cost					(1,335)
Profit before taxation					16,103
Taxation					(3,885)
Net profit for the year					12,218
Other Information					
Segment assets	60,490	150,294	129,302	(141,283)	198,803
Consolidated assets	60,490	150,294	129,302	(141,283)	198,803
Segment liabilities	23,298	34,444	21,562	(37,454)	41,850
Tax payable	276	135	-	-	411
Deferred taxation	10	3,445	-	-	3,455
Consolidated liabilities	23,584	38,024	21,562	(37,454)	45,716
Capital expenditure on property, plant and equipment	1,024	6,080	-	-	7,104
Depreciation	356	4,302	-	-	4,658
Amortisation	159	156	-	-	315

35. SEGMENTAL REPORTING (CONTINUED)

(i) Primary Segmental Reporting - Business Segment (Continued)

Year ended 31 December 2008	Pharmaceutical Trading RM'000	Pharmaceutical Manufacturing RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External	19,132	104,872	12	-	124,016
Intersegment	-	6,006	5,207	(11,213)	-
Total revenue	19,132	110,878	5,219	(11,213)	124,016
Results					
Segment results	526	19,699	3,818	(4,852)	19,191
Interest income	185	124	600	(626)	283
Profit from operations	711	19,823	4,418	(5,478)	19,474
Finance cost					(1,115)
Share of loss of associate company					(10)
Profit before taxation					18,349
Taxation					(6,048)
Net profit for the year					12,301
Other Information					
Segment assets	42,852	145,275	106,990	(125,461)	169,656
Consolidated assets	42,852	145,275	106,990	(125,461)	169,656
Segment liabilities	7,638	34,244	23,073	(26,111)	38,844
Tax payable	830	1,014	-	-	1,844
Deferred taxation	-	3,526	-	-	3,526
Consolidated liabilities	8,468	38,784	23,073	(26,111)	44,214
Capital expenditure on property, plant and equipment	8,042	15,139	-	-	23,181
Depreciation	384	3,999	-	-	4,383
Amortisation	202	217	-	-	419

35. SEGMENTAL REPORTING (CONTINUED)

(ii) Secondary Segmental Reporting - Geographical Segment

The Group is operating in the following geographical areas:

Geographical Segments	Business Activities
Malaysia	Mainly import, export and manufacturing in various kind of pharmaceutical products
Philippines	Mainly import and trading in various kind of pharmaceutical products
Myanmar	Mainly distributing in various kind of pharmaceutical products
Singapore	Mainly import, export and trading in various kind of pharmaceutical products
Cambodia	Mainly import and trading in various kind of pharmaceutical products
Indonesia	Mainly import and trading in various kind of pharmaceutical products

Year ended 31 December 2009	Revenue RM'000	Total Assets RM'000	Capital Expenditure RM'000
Malaysia	129,345	289,282	6,093
Philippines	4,755	6,484	39
Myanmar	40	32	-
Singapore	12,343	14,370	27
Vietnam	-	17,748	940
Cambodia	64	35	-
Indonesia	-	113	5
Brunei Darussalam	-	12,022	-
Elimination	(15,772)	(141,283)	-
	130,775	198,803	7,104

Year ended 31 December 2008	Revenue RM'000	Total Assets RM'000	Capital Expenditure RM'000
Malaysia	119,942	260,580	15,305
Philippines	4,591	5,682	6
Myanmar	-	73	-
Singapore	10,694	9,226	35
Vietnam	-	9,243	7,835
Cambodia	-	83	-
Indonesia	2	112	5
Brunei Darussalam	-	10,118	-
Elimination	(11,213)	(125,461)	-
	124,016	169,656	23,181

36. FAIR VALUES

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

	2009		2008	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Group				
Unquoted shares in associate company	-	#	-	#
Company				
Unquoted shares in subsidiary companies	87,131	#	88,435	#
Unquoted shares in associate company	-	#	-	#

It was not practicable within the constraints of timeliness and cost to estimate these fair values realibly. However, at the end of the financial year, the net tangible assets/(liabilities) reported by the subsidiary companies and associate company were as follows:

	2009 RM'000	2008 RM'000
Group		
Unquoted shares in associate company	**(74)**	(48)
Company		
Unquoted shares in subsidiary companies	**149,264**	140,875
Unquoted shares in associate company	**(74)**	(48)

37. SUMMARY OF EFFECTS OF ACQUISITION OF SUBSIDIARY COMPANIES

(i) The effects of the acquisition of subsidiary companies in the previous financial year on the financial position of the Group as at date of acquisition were as follows:

	Group 2008 RM'000
Receivables	5
Cash and bank balances	517
Payables	(29)
	493
Add: Minority interest	2
Group's share of net assets	495

The fair values of the subsidiary company's assets and liabilities approximate its carrying values.

37. SUMMARY OF EFFECTS OF ACQUISITION OF SUBSIDIARY COMPANIES (CONTINUED)

(ii) The effects of the acquisition of subsidiary company in the previous financial year on the financial results of the Group were as follows:

	Group 2008 RM'000
Revenue	5 88
Cost of sales	(242)
Other income	(12)
Distributable cost	(421)
Administration expenses	(174)
Finance cost	(6)
Net loss for the year	(243)
Add: Minority interest	99
Group's share of net loss for the year	(144)

38. SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 22 March 2010, the Directors proposed a first and final single tier dividend of 6% per share (equivalent to RM5,831,448) for the financial year ended 31 December 2009, which is subject to the approval of members at the forthcoming Annual General Meeting of the Company. This dividend will be accounted for in the financial year ending 31 December 2010.

List of Properties

As at 31 December 2009

Title / Location	Description & Usage	Tenure	Land/Built-up Area metres sq.	Approximate Age of Building	Net Book Value as at 31 December 2009 (RM'000)
Lot 3, 5 & 7, Jln P/7, Section 13 Kawasan Perindustrian Bandar Baru Bangi, 43000 Kajang Held under : H.S.(M) 9635 for P.T. 11466, Seksyen 13, H.S.(M) 9636 for P.T.11467 Seksyen 13 and H.S.(M) 9637 for P.T. 11468 Seksyen 13, all in the Mukim of Kajang, District of Hulu Langat State of Selangor	Three contiguous parcels of industrial land with purpose built industrial buildings for own use consisting of: (i) 4-storey office/ laboratory building (ii) 4-storey production/ laboratory/ warehouse building (iii) 2-storey raw materials/packaging building (iv) 1-storey maintenance/ Tenaga Nasional Berhad sub-station building (v) 5-storey canteen/ warehouse/packing area (vi) water treatment plant (vii) guard house	99 years leasehold, all expiring on 29.09.2086	Land - 11,580 Build up areas - 10,043	17 years	13,927
No.18 & 20 Jalan Wan Kadir, Tmn Tun Dr. Ismail, 60000 Kuala Lumpur. Held under Geran : 23507 for Lot No. 50965, 23508 for Lot No. 50966 in Mukim Kuala Lumpur, District of Wilayah Persekutuan State of Wilayah Persekutuan	Intermediate 3-storey terrace shop-office for own use	Freehold	327	21 years	2,294
No. 2A & 8, Jalan 9/9M, No. 12 & 12A, Jalan 9/9L, Seksyen 9, Fasa 1, Bandar Baru Bangi, Selangor Darul Ehsan. Held under: H.S. (D) 81710 for P.T. 55601, Seksyen 9 H.S. (D) 81711 for P.T. 55602, Seksyen 9 H.S. (D) 81741 for P.T. 55632, Seksyen 9 H.S. (D) 81743 for P.T. 55634, Seksyen 9, all in the Mukim of Kajang, District of Hulu Langat, State of Selangor.	4 units of double storey terrace house for own use	99 years leasehold	143/unit	4 years	893

Title / Location	Description & Usage	Tenure	Land/Built-up Area metres sq.	Approximate Age of Building	Net Book Value as at 31 December 2009 (RM'000)
Lot 1 & 3, Jalan 9/8, Lot 2,4 & 6, Jalan 9/7, Taman IKS, Section 9, Bandar Baru Bangi, 43650 Kajang. Held under : H.S.(D) 87699 for P.T. 56932 Seksyen 9, H.S.(D) 87700 for P.T. 56933 Seksyen 9, H.S.(D) 87693 for P.T. 56926 Seksyen 9, H.S.(D) 87694 for P.T. 56927 Seksyen 9 and H.S.(D) 87695 for P.T. 56928 Seksyen 9, all in the Mukim of Kajang, District of Hulu Langat, State of Selangor	Five contiguous parcels of industrial lands with purpose built industrial buildings for own use consisting of: (i) 2-storey warehouse building PKNS Industrial land for factory build on Lot 1 & 2 Section 9, Bandar Baru Bangi. (ii) Lot 3, 4 & 6 - vacant land	99 years leasehold, all expiring in year 2103	13,939	5 years	9,794
PT. No 56929 Seksyen 9, Bandar Baru Bangi, Daerah Hulu Langat, Selangor.	- vacant land	99 years leasehold, all expiring in year 2103	2,724	1 year	1,047
No.10, Ubi Crescent # 06-57, Singapore 408564	Flatted factory for own use	60 years leasehold, expiring on 04.07.2057	209	7 years	763
No.10, Ubi Cresent # 06-58, Singapore 408564	Flatted factory for own use	60 years leasehold, expiring on 04.07.2057	216	7 years	788
No.8, Kaki Bukit Road 2, #02-26, Ruby Warehouse Complex, Singapore 417841	2nd storey flatted warehouse within a 4-storey industries development. Let out.	60 years leasehold, expiring on 06.12.2042	139	23 years	421
Unit 3-B LPL Plaza Condominium Building, No.124 L.P Leviste Street, Salcedo Village,Makati City	Condominium Unit for own use	Freehold	152	25 years	177

Title / Location	Description & Usage	Tenure	Land/Built-up Area metres sq.	Approximate Age of Building	Net Book Value as at 31 December 2009 (RM'000)
4th Floor Cacho Gonzales, Building 101 Aguirre St. Corner Trasierra St. Legaspi Village, Makati.	Office and warehouse use	Freehold	480	33 years	786
Nhon Trach 3 Industry Zone-Phase 2, Dong Nai Province So:112/HDTD.NT3 Land Used Right Certificate: So AO 950020	Industrial land with a factory under construction	46 years leasehold, expiring on 31.12.2053	68,000	N/A	6,469

Shareholding Statistics

As at 4 May 2010

Authorized Capital	:	RM250,000,000 divided into 250,000,000 ordinary shares of RM1.00 each
Issued and Paid-Up Capital	:	RM97,353,800 divided into 97,353,800 ordinary shares of RM1.00 each
Class of Shares	:	There is only one class of shares in the Company Ordinary Shares of RM1.00 each fully paid
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

As at 4th May 2010

Size of Holdings	No. of Shareholders	Total Holdings	%
Less than 100 shares	283	5,483	0.01
100 - 1,000 shares	203	92,740	0.09
1,001 - 10,000 shares	1,091	4,519,480	4.64
10,001 - 100,000 shares	389	11,253,801	11.56
100,001 - below 5% of issued shares	57	30,565,330	31.40
5% and above of issued shares	2	50,916,966	52.30
	2,025	**97,353,800**	**100.00**

SUBSTANTIAL SHAREHOLDERS

as at 4th May 2010

No.	Name	Direct Interest		Deemed Interest	
		Shares	%	Shares	%
1.	YSP SEA Investment Co. Ltd.	39,274,204	40.34	-	-
2.	Lembaga Tabung Haji	11,642,762	11.96	-	-
3.	The estate of the late Lee Tien-Te	669,197	0.69	51,199,151[(a)]	52.59
4.	Lee-Chang Yu-Ying	-	-	51,868,348[(a)]	53.28
5.	Dato' Dr. Lee Fang Hsin	7,343,977	7.54	39,521,528[(b)]	40.60
6.	Dr. Lee Fang-Yu	1,085,964	1.12	39,274,204[(c)]	40.34
7.	Dr. Lee Fang-Chuan@Lee Fang-Chen	1,188,073	1.22	39,274,204[(c)]	40.34
8.	Dr. Lee Fang-Jen	910,478	0.94	39,274,204[(c)]	40.34
9.	Madam Lee Ling-Chin	1,006,796	1.03	39,274,204[(c)]	40.34
10.	Lee Ling-Fen	389,659	0.40	39,274,204[(c)]	40.34
11.	YSP International Co. Ltd.	-	-	39,274,204[(d)]	40.34
12.	Yung Shin Pharmaceutical Industries Co. Ltd.	-	-	39,274,204[(d)]	40.34

DIRECTORS' SHAREHOLDINGS

as at 4th May 2010

No.	Name	Direct Interest Shares	Direct Interest %	Deemed Interest Shares	Deemed Interest %
1.	Datuk Dr. Anis Bin Ahmad	1,811,250	1.86	-	-
2.	Dato' Dr. Lee Fang Hsin	7,343,977	7.54	39,521,528(b)	40.60
3.	Madam Lee Ling Chin	1,006,796	1.03	39,274,204(c)	40.34
4.	Dr. Lee Fang Chuan@Lee Fang Chen	1,188,073	1.22	39,274,204(c)	40.34
5.	Dato' Koay Soon Eng	280,000	0.29	-	-
6.	Tu Shu Yao	56,500	0.06	345,800(f)	0.36
7.	Adi Azuan Bin Abdul Ghani	-	-	-	-

Note

(a) Deemed interested by virtue of his/her family members' direct shareholding in Y.S.P.SAH and by virtue of his own together with his/her family members' shareholding of more than 15% in Yung Shin Pharmaceutical Industries Co. Ltd. which wholly owns YSP International Co. Ltd. in turn wholly owns YSP SEA Investment Co. Ltd.

(b) Deemed interested by virtue of his interest in Yung Shin Pharmaceutical Industries Co. Ltd. which wholly owns YSP International Co. Ltd. which in turn wholly owns YSP SEA Investment Co. Ltd and his spouse's interest in the Company pursuant to Section 6A of the Companies Act, 1965.

(c) Deemed interested by virtue of his/her interest in Yung Shin Pharmaceutical Industries Co. Ltd. which wholly owns YSP International Co. Ltd. which in turn wholly owns YSP SEA Investment Co. Ltd.

(d) Deemed interested by virtue of Section 6A of the Companies Act 1965, through its 100% interest in YSP SEA Investment Co. Ltd.

(e) Deemed interested by virtue of Section 6A of the Act, through its 100% interest in YSP International Co. Ltd. which in turn wholly owns YSP SEA Investment Co. Ltd.

(f) Deemed interested by virtue of his spouse shareholding in Y.S.P.SAH.

THIRTY (30) LARGEST SHAREHOLDERS

as at 4th May 2010

No.	Names	No. of Shares held	%
1.	YSP SEA INVESTMENT COMPANY LIMITED	39,274,204	40.34
2.	LEMBAGA TABUNG HAJI	11,642,762	11.96
3.	DATO' DR. LEE FANG HSIN	3,820,210	3.92
4.	DATO' DR. LEE FANG HSIN	3,523,767	3.62
5.	YAN CHEOK WING	2,175,200	2.23

THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)
as at 4th May 2010

No.	Names	No. of Shares held	%
6.	DATUK DR. ANIS BIN AHMAD	1,811,250	1.86
7.	PERMODALAN NASIONAL BERHAD	1,803,093	1.85
8.	DR. LEE FANG-CHUAN@LEE FANG-CHEN	1,188,073	1.22
9.	DR. LEE FANG-YU	1,085,964	1.12
10.	LEE LING-CHIN	1,006,796	1.03
11.	DR. LEE FANG-JEN	910,478	0.94
12.	AMBANK (M) BERHAD - PLEDGED SECURITIES ACCOUNT FOR TAN KONG HAN (SMART)	776,482	0.80
13.	THE ESTATE OF THE LATE LEE TIEN-TE	669,197	0.69
14.	LIN MIN-JU	640,153	0.66
15.	LIN MENG-BE	640,153	0.66
16.	LIAO MIAO-YI	599,732	0.62
17.	TEO KWEE HOCK	578,200	0.59
18.	CHEAH YEE LIN	541,685	0.56
19.	LAI CHEN-CHUN	523,709	0.54
20.	CHIANG HUNG-WEN	426,931	0.44
21.	CHU FONG HEE	420,000	0.43
22.	LEE LING-FEN	389,659	0.40
23.	TING CHIN LIU	345,800	0.36
24.	HLB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN	312,440	0.32
25.	LEE I-HSIUNG	304,951	0.31
26.	LI YU-LIN	304,951	0.31
27.	TANG WEI-CHEN	298,165	0.31
28.	JF APEX NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI (MARGIN)	294,800	0.30
29.	DATO' KOAY SOON ENG	280,000	0.29
30.	WONG AH CHIEW	268,000	0.27
	TOTAL	**76,856,805**	**78.95**

Analysis of Warrants Holdings

As at 4 May 2010

Issued Size	:	34,900,063 warrants 2007/2012
No. of Warrants Holders	:	992 warrant holders

DISTRIBUTION OF WARRANTS HOLDINGS

As at 4th May 2010

Size of Holdings	No. of Warrants Holders	Total Holdings	%
Less than 100	94	3,988	0.01
100 - 1,000	47	24,559	0.08
1,001 - 10,000	556	1,755,159	5.03
10,001 - 100,000	261	8,170,528	23.41
100,001 - below 5% of issued warrants	33	10,481,842	30.03
5% and above of issued warrants	1	14,463,987	41.44
	992	**34,900,063**	**100.00**

SUBSTANTIAL WARRANTS HOLDERS

as at 4th May 2010

No.	Name	Direct Interest		Deemed Interest	
		Warrants	%	Warrants	%
1.	YSP SEA Investment Co. Ltd.	14,463,987	41.44	-	-
2.	The estate of the late Lee Tien-Te	-	-	17,510,204[a]	50.17
3.	Lee-Chang Yu-Ying	-	-	17,510,204[a]	50.17
4.	Dato' Dr. Lee Fang Hsin	2,037,890	5.84	14,555,072[b]	41.71
5.	Dr. Lee Fang-Yu	45	0.00	14,463,987[c]	41.44
6.	Dr. Lee Fang-Chen@Lee Fang-Chuan	385,987	1.11	14,463,987[c]	41.44
7.	Dr. Lee Fang-Jen	303,004	0.87	14,463,987[c]	41.44
8.	Lee Ling-Chin	319,225	0.91	14,463,987[c]	41.44
9.	Lee Ling-Fen	66	0.00	14,463,987[c]	41.44
10.	YSP International Co. Ltd.	-	-	14,463,987[d]	41.44
11.	Yung Shin Pharmaceutical Industries Co. Ltd.	-	-	14,463,987[e]	41.44

DIRECTORS' WARRANTS HOLDINGS

as at 4th May 2010

No.	Name	Direct Interest		Deemed Interest	
		Warrants	%	Warrants	%
1.	Datuk Dr. Anis Bin Ahmad	667,051	1.91	-	-
2.	Dato' Dr. Lee Fang Hsin	2,037,890	5.84	14,555,072[b]	41.71
3.	Lee Ling Chin	319,225	0.91	14,463,987[c]	41.44
4.	Dr. Lee Fang Chuan@Lee Fang Chen	385,987	1.11	14,463,987[c]	41.44
5.	Dato' Koay Soon Eng	51,560	0.15	-	-
6.	Tu Shu Yao	363,495	1.04	127,352[f]	0.36
7.	Adi Azuan Bin Abdul Ghani	-	-	-	-

Note

(a) Deemed interested by virtue of his/her family members' direct warrant holding in Y.S.P.SAH and by virtue of his own together with his/her family members' warrant holding of more than 15% in Yung Shin Pharmaceutical Industries Co. Ltd. which wholly owns YSP International Co. Ltd. in turn wholly owns YSP SEA Investment Co. Ltd.

(b) Deemed interested by virtue of his interest in Yung Shin Pharmaceutical Industries Co. Ltd. which wholly owns YSP International Co. Ltd. which in turn wholly owns YSP SEA Investment Co. Ltd and his spouse's interest in the Company pursuant to Section 6A of the Companies Act, 1965.

(c) Deemed interested by virtue of his/her interest in Yung Shin Pharmaceutical Industries Co. Ltd. which wholly owns YSP International Co. Ltd. which in turn wholly owns YSP SEA Investment Co. Ltd.

(d) Deemed interested by virtue of Section 6A of the Companies Act 1965, through its 100% interest in YSP SEA Investment Co. Ltd.

(e) Deemed interested by virtue of Section 6A of the Act, through its 100% interest in YSP International Co. Ltd. which in turn wholly owns YSP SEA Investment Co. Ltd.

(f) Deemed interested by virtue of his spouse warrant holding in Y.S.P.SAH.

THIRTY (30) LARGEST WARRANTS HOLDERS

as at 4th May 2010

No.	Names	No. of Warrants held	%
1.	YSP SEA INVESTMENT COMPANY LIMITED	14,463,987	41.44
2.	DATO' DR. LEE FANG HSIN	1,226,457	3.51
3.	AIBB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LOW MEI LOON	1,000,000	2.87
4.	QUEK PHAIK IM	876,085	2.51
5.	DATO' DR. LEE FANG HSIN	811,433	2.32
6.	DATUK DR. ANIS BIN AHMAD	667,051	1.91
7.	TEE SEE KIM	400,035	1.15
8.	DR. LEE FANG-CHUAN@LEE FANG-CHEN	385,987	1.11
9.	NEONG KOK HOOI	371,598	1.06
10.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR TIE MING CHUNG (CEB)	360,500	1.03
11.	LIN MIN-JU	330,059	0.95
12.	LEE LING-CHIN	319,225	0.91
13.	TU SHU-YAO	311,935	0.89
14.	DR. LEE FANG-JEN	303,004	0.87
15.	ER KEE SIONG	271,761	0.78
16.	OSK NOMINEES (TEMPATAN) SDN BERHAD - PLEDGED SECURITIES ACCOUNT FOR TAN GAIK SUAN	268,200	0.77

THIRTY (30) LARGEST WARRANTS HOLDERS (CONTINUED)
as at 4th May 2010

No.	Names	No. of Warrants held	%
17.	CHEAH YEE LIN	197,782	0.57
18.	LOI KIM CHON	190,461	0.55
19.	LIAO MIAO-YI	182,331	0.52
20.	LIEW NAR	171,074	0.49
21.	VOON JYE WAH	166,331	0.48
22.	WU SONG SEE@GOH SONG SEE	158,686	0.45
23.	SJ SEC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LIEW PAK CHIN (SMT)	155,607	0.45
24.	CHU FONG HEE	155,091	0.44
25.	JF APEX NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR VOON SZE LIN	148,388	0.43
26.	CIMSEC NOMINEES (TEMPATAN) SDN BHD - CIMB BANK FOR NG YING CHOW (MY0845)	140,000	0.40
27.	CHEW SWEE ENG	135,156	0.39
28.	TING CHIN LIU	127,352	0.36
29.	WONG YOKE FONG@WONG NYOK FING	119,515	0.34
30.	NEONG KOK LAT	113,431	0.33
	TOTAL	**24,528,522**	**70.28**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the Company will be held at the Grand Ballroom, Level 3, Hotel Equatorial Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Friday, 25th June 2010 at 9.30a.m. for the following purposes:

AGENDA
AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company and its Group for the financial year ended 31st December 2009 and the Reports of the Directors and the Auditors thereon. (Please refer to note 1.)

2. To approve the payment of Directors' Fee for the financial year ended 31st December 2009. **(RESOLUTION 1)**

3. To approve a 6% first and final single tier dividend for the financial year ended 31st December 2009. **(RESOLUTION 2)**

4. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:
   (i) Tuan Haji Adi Azuan Bin Abdul Ghani - Article 85 **(RESOLUTION 3)**
   (ii) Madam Lee Ling Chin - Article 85 **(RESOLUTION 4)**

5. To re-appoint Messrs SJ Grant Thornton as Auditors and to authorise the Board of Directors to fix their remuneration. **(RESOLUTION 5)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions:

6. **AS ORDINARY RESOLUTION**

   - AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

   "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals from the relevant governmental /regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company as at the date of this Annual General Meeting excluding the number of ordinary shares arising from the exercise of Employees Share Option Scheme ("ESOS") and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company." **(RESOLUTION 6)**

7. **AS ORDINARY RESOLUTION**

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR RRPT 1 TO RRPT 8 **(RESOLUTION 7)**

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR RRPT 9 **(RESOLUTION 8)**

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR RRPT 10 **(RESOLUTION 9)**

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR RRPT 11 **(RESOLUTION 10)**

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR RRPT 12 **(RESOLUTION 11)**

"THAT approval be hereby given to the Company and/or its subsidiaries ("Group") to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(ii) of the Circular to Shareholders dated 3rd June 2010 ("Circular") which are necessary for the Group's day-to-day operations provided such transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders and such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM, at which time it will lapse, unless by a resolution passed at such AGM, such authority is renewed;

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting; whichever is earlier.

AND THAT, the Directors of the Company be and hereby authorized to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Mandate."

8. To transact any other business which may properly be transacted at an Annual General Meeting for which due notice shall have been given.

By Order of the Board

LIM SECK WAH (MAICSA 0799845)
KONG MEI KEE (MAICSA 7039391)
Company Secretaries

Dated this 3rd day of June 2010
Kuala Lumpur

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that a 6% first and final single tier dividend for the financial year ended 31st December 2009, if approved by members, will be paid on 18th August 2010 to depositors registered in the Record of Depositors at the close of business on 28th July 2010.

A depositor shall qualify for the entitlement only in respect of:

(a) Shares transferred into the Depositor's Securities Account before 4.00p.m. on 28th July 2010 in respect of ordinary transfer;

(b) Shares bought on the Exchange on a cum entitlement basis according to the Rules of the Exchange.

Notes

1. The Agenda No. 1 is meant for discussion only as the Company's Articles of Association provides that the audited financial statement are to be laid in the general meeting only which does not require a formal approval of shareholders. Hence, it is not put forward for voting.
2. A member entitled to attend and vote at the meeting is entitled to appoint up to 2 proxies to attend and vote in his/her stead. A proxy needs not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. Where a member appoints two (2) proxies to attend at the same meeting, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
4. 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.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at the Company Secretary's office at Level 15-2, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
7. Explanatory notes on Special Business

   7.1 The proposed Resolution 6 is a renewal of the mandate given to the Company by the shareholders at the previous Annual General Meeting held on 19 June 2009, if duly passed, will give the Directors of the Company the flexibility to issue and allot new shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of next Annual General Meeting of the Company.

   The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/diversification proposals involves the issue of new shares, the Directors, under certain circumstance when the opportunity arises, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued capital.

   In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purposes. The renewed authority for allotment of shares will provide flexibility to the Company for the allotment of shares for the purpose of funding future investment, working capital and/ or acquisitions.

   No shares have been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting on 19 June 2009.

   7.2 The proposed Resolutions 7 to 11, if passed will mandate the Company to enter into the categories of recurrent transactions of a revenue or trading nature and with those related parties specified in Section 2.3(ii) of the Circular to Shareholders dated 3rd June 2010.

E-Dividend

Dear Shareholders,

IMPLEMENTATION OF ELECTRONIC DIVIDEND PAYMENT ("eDIVIDEND") PURSUANT TO THE DIRECTIVE DATED 19 FEBRUARY 2010 (REF. NO.:SR/TAC/RO/LD07/10) FROM BURSA MALAYSIA SECURITIES BERHAD

What is eDividend?

Electronic Dividend Payment or eDividend refers to the payment of cash dividends by a listed issuer to its shareholders by directly crediting the shareholders' cash dividend entitlements into their respective bank accounts. All listed companies to pay via eDividend for all dividends on the entitlement date on or after 1 September 2010.

eDividend Benefits

No More Delays	From 3-14 days via cheques to 0/1 day via eDividend to receive dividend payment.
Assurance of Certainty	Dividends credited into bank accounts on a timely basis whether Kuala Lumpur or outstation. No more missing cheques/expired cheques. No unclaimed moneys.
Convenience and Simplicity	No more visits to banks to deposit cheques. Can opt one (1) bank account for all CDS accounts. Same bank account applies for future new CDS accounts.
eNotification upon Payment	For shareholders who provide email and mobile details.
No Cost to Shareholders	No bank charges on dividend amount. No depository administration fee for registration within grace period.

Registration of eDividend

Shareholders are given a one-year grace period from 19 April 2010 until 18 April 2011 to provide their bank account information to Bursa Malaysia Depository Sdn Bhd.

How do I provide my bank account information for eDividend?

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

What Supporting Documents are Required?

Individual CDS Depositor	NRIC or Passport or Authority Card or other acceptable identification documents. Bank Statement or Bank Saving Book or details of your bank account obtained from your bank's website that has been certified by your bank or copy of the letter from your bank confirming your bank account details.
Corporate CDS Depositor	Certified true copy of Certificate of Incorporation/Certificate of Registration. Certified true copy of Bank Statement or Bank Saving Book or details of your bank account obtained from your bank's website that has been certified by your bank or copy of the letter from your bank confirming your bank account details.

You are encouraged to update your bank account information through your stock broker firm soonest. There will be a fee charged after the grace period.

Contact Details

For more information, kindly refer to the eDividend page at www.bursamalaysia.com

For queries, please contact:
Bursa Malaysia Customer Care Centre

Tel : (603) 27320067

Email : edividend@bursamalaysia.com

Y.S.P. SAH™
Y.S.P. SOUTHEAST ASIA HOLDING BHD.
(Company No. 552781 X)
Incorporated in Malaysia

Form of Proxy

(Before completing this form please refer to the notes below)

No. of ordinary shares held

I/We, ______________________________ (Full name in block letters)
of ______________________________ (Full address)
being a member/members of **Y.S.P. SOUTHEAST ASIA HOLDING BERHAD** hereby appoint the following person(s):

Name of proxy, NRIC No. & Address | **No. of shares to be represented by proxy**

1. ______________________________ ______________
2. ______________________________ ______________

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us and on my/our behalf at the Ninth Annual General Meeting of the Company to be held at the Grand Ballroom, Level 3, Hotel Equatorial Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Friday, 25th June 2010 at 9.30 a.m. and at every adjournment thereof to vote as indicated below:

		FIRST PROXY		SECOND PROXY	
RESOLUTION		FOR	AGAINST	FOR	AGAINST
1	To approve Directors' Fee				
2	To approve 6% first and final single tier dividend				
3	To re-elect the director, Tuan Haji Adi Azuan Bin Abdul Ghani				
4	To re-elect the director, Madam Lee Ling Chin				
5	To re-appoint the retiring auditors, SJ Grant Thornton				
6	Authority to Issue Shares				
7	Proposed Shareholders' Mandate for RRPT 1 to RRPT 8				
8	Proposed Shareholders' Mandate for RRPT 9				
9	Proposed Shareholders' Mandate for RRPT 10				
10	Proposed Shareholders' Mandate for RRPT 11				
11	Proposed Shareholders' Mandate for RRPT 12				

(Please indicate with an "x" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion).

In case of a vote taken by a show of hands, the First-named Proxy shall vote on *my/our behalf.

As witness my hand this ____________ day of ____________ 2010

____
Signature / Common Seal

***Strike out whichever is not desired.**

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint up to 2 proxies to attend and vote in his/her stead. A proxy needs not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) proxies to attend at the same meeting, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. 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 .
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Company Secretary's office at Level 15-2, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

fold here for sealing

Affix
stamp
here

The Company Secretary
Y.S.P. SOUTHEAST ASIA HOLDING BHD (552781 X)
Level 15-2, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

fold here

Y.S.P. Southeast Asia Holding Berhad
552781-X

16th Floor, Plaza VADS, No.1 Jalan Tun Mohd Fuad
Taman Tun Dr. Ismail, 60000 Kuala Lumpur

Tel: 03-77276390 Fax: 03-77276701
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