PMC

Pan Malaysia Corporation Berhad

Company No: 4920 - D

LAPORAN TAHUNAN 2010 ANNUAL REPORT

CONTENTS

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Forty-Eighth Annual General Meeting of the Company will be held at Ballroom 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 29 June 2011 at 10.00 a.m. for the following purposes:-

As Ordinary Business

1. To receive the audited financial statements together with the Reports of the Directors and Auditors thereon for the financial year ended 31 December 2010.

2. To approve the payment of Directors' fees of RM192,000. **Resolution 1**

3. To consider and, if thought fit, pass the following resolutions in accordance with Section 129(6) of the Companies Act, 1965:-

   (i) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Mr Wong Aun Phui be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **Resolution 2**

   (ii) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dr Ngui Chon Hee be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **Resolution 3**

4. To re-elect Encik Ariff bin Rozhan, who is retiring in accordance with Article 109 of the Company's Articles of Association. **Resolution 4**

5. To re-elect Mr Wong Nyen Faat, who is retiring in accordance with Article 90 of the Company's Articles of Association. **Resolution 5**

6. To re-appoint Messrs KPMG as auditors of the Company and to authorize the Directors to fix their remuneration. **Resolution 6**

As Special Business

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

7. Ordinary Resolution
   - Proposed authority to allot and 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 approval of the relevant authorities, the Directors be and are hereby authorized to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting or until the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being." **Resolution 7**

8. Ordinary Resolution
- Proposed renewal of authority for the purchase of own shares by Pan Malaysia Corporation Berhad

"THAT, subject to the Companies Act, 1965 and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given to the Company to purchase and/or hold such amount of ordinary shares of RM0.50 each in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("Bursa Securities") provided that the aggregate number of ordinary shares which may be purchased and/or held by the Company pursuant to this resolution shall not exceed ten per centum (10%) of the issued and paid-up share capital of the Company at the time of purchase provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholders' mandate for share buy-back which was obtained at the Annual General Meeting held on 18 June 2010, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being;

AND THAT the maximum funds to be allocated by the Company for the purpose of the Proposed Share Buy-Back shall not exceed the Company's share premium account. Based on the audited financial statements for the financial year ended 31 December 2010, the Company's share premium account stood at RM472,258,000;

AND THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution, and will, subject to renewal thereat, expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution or the expiry of the period within which the next Annual General Meeting is required by law to be held (unless earlier revoked or varied by ordinary resolution in a general meeting of shareholders of the Company), whichever occurs first and in any event, in accordance with the provisions of Bursa Securities Main Market Listing Requirements and/or any other relevant authorities;

AND THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to:-

(i) cancel the shares so purchased; or
(ii) retain the shares so purchased as treasury shares; or
(iii) retain part of the shares so purchased as treasury shares and cancel the remainder; or
(iv) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them;

AND THAT the Directors be and are hereby authorized to do all such acts and things (including executing any relevant documents) as they may consider expedient or necessary to complete and give effect to the aforesaid authorization with full powers to assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Securities and all other governmental/regulatory authorities." **Resolution 8**

NOTICE OF MEETING (Cont'd)

9. To transact any other business of which due notice shall have been received.

By order of the Board

Lai Chee Leong
Leong Park Yip
Company Secretaries

Kuala Lumpur
7 June 2011

Notes:-

1. *A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company but if he is not a member, he must be a qualified legal practitioner, approved company auditor, a person approved by the Companies Commission of Malaysia in the particular case or a person approved by the Directors prior to the appointment.*
2. *A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one proxy only in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member, other than an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or if such appointor is a corporation, under its common seal or under the hand of the attorney.*
4. *The Form of Proxy must be deposited at the registered office of the Company at 5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. The Ordinary Resolution proposed under item 7 is a renewal of the general authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965 ("general authority to issue shares"). If passed, it will empower the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued and paid-up share capital of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority will expire at the next Annual General Meeting of the Company, unless revoked or varied at a general meeting.

   The Company has not issued any new shares under the general authority to issue shares which was approved at the Forty-Seventh Annual General Meeting held on 18 June 2010 and which will lapse at the conclusion of the Forty-Eighth Annual General Meeting to be held on 29 June 2011.

   The general authority to issue shares will allow the Company to take advantage of any strategic opportunities, including but not limited to, issuance of new shares for purpose of funding investment project(s), working capital and/or acquisitions which require new shares to be allotted and issued speedily and would also save the cost involved in convening a general meeting to approve such issuance of shares.

2. The Ordinary Resolution proposed under item 8, if passed, will empower the Directors of the Company to purchase Pan Malaysia Corporation Berhad shares through Bursa Malaysia Securities Berhad up to ten per centum (10%) of the issued and paid-up share capital of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-appointment/re-election are:-

   (a) Mr Wong Aun Phui - Retiring pursuant to Section 129 of the Companies Act, 1965
   (b) Dr Ngui Chon Hee - Retiring pursuant to Section 129 of the Companies Act, 1965
   (c) Encik Ariff bin Rozhan - Retiring pursuant to Article 109 of the Company's Articles of Association
   (d) Mr Wong Nyen Faat - Retiring pursuant to Article 90 of the Company's Articles of Association

2. Further details on the Directors standing for re-appointment/re-election are set out on pages 7 to 9 of this Annual Report. The securities holdings of Mr Wong Aun Phui in the Company is set out in the Analysis of Shareholdings on page 89 of this Annual Report.

3. Details of attendance of Directors at Board Meetings.

   There were five (5) Board Meetings held during the financial year ended 31 December 2010. Details of attendance of the Directors are set out in the Profile of Directors on pages 7 to 9 of the Annual Report.

4. The Forty-Eighth Annual General Meeting of the Company will be held at Ballroom 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 29 June 2011 at 10.00 a.m.

CORPORATE INFORMATION

Board of Directors

Tan Sri Dato' Seri Dr Ting Chew Peh, P.S.M., D.P.M.P., D.P.M.S., S.P.M.P., *Chairman*
Wong Nyen Faat, *Executive Director*
Khet Kok Yin
Wong Aun Phui
Dr Ngui Chon Hee, J.S.M., K.M.N., S.M.T.
Ariff bin Rozhan
Andrew Khoo Boo Yeow

Company Secretaries

Lai Chee Leong
Leong Park Yip

Auditors

KPMG, *Chartered Accountants*

Registrar

Pan Malaysia Management Sdn Bhd
5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur
Tel No. 03-21487696 Fax No. 03-21459216

Registered Office

5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur
Tel No. 03-21177388 Fax No. 03-21445209 Website: www.pmcorporation.com.my

Bankers

Affin Bank Berhad
CIMB Bank Berhad
Malayan Banking Berhad

PROFILE OF DIRECTORS

Tan Sri Dato' Seri Dr Ting Chew Peh

Age 67. Independent Non-Executive Director and Chairman. Appointed as Director on 31 March 2006. Chairman of the Audit Committee and Nomination Committee. Member of the Remuneration Committee. Holds a Bachelor of Arts from University of Malaya, Master of Science from University of London and Doctorate in Philosophy from University of Warwick. Formerly served as Minister of Housing and Local Government, a Member of Parliament for Gopeng, Perak and was an Associate Professor in Sociology, Universiti Kebangsaan Malaysia. He also sits on the Boards of Pan Malaysia Capital Berhad, Puncak Niaga Holdings Berhad, Hua Yang Berhad and Johan Holdings Berhad. He had previously served as Chairman of Complete Logistic Services Berhad and Director of Malaysian South-South Corporation Berhad and Pan Malaysia Holdings Berhad. Attended all the five (5) Board Meetings held during the financial year.

Wong Nyen Faat

Aged 54. Appointed Executive Director of Pan Malaysia Corporation Berhad on 30 September 2010. Holds a First Class Honours Bachelor's degree in Science (Mathematics) with Education from University of Malaya and a Master's degree in Business Management from Asian Institute of Management. He had served as Executive Director of Morning Star Resources Limited in Hong Kong and the Lion Group in various managerial capacities. Currently, he is the Chief Operating Officer of the MUI Group and the Executive Director of Malayan United Management Sdn Bhd. He also holds directorships in several companies of the MUI Group. He has vast experience in operations, business development and general management in a variety of industries. He also has extensive experience related to doing business in China. Attended all the two (2) Board Meetings held since his appointment as Executive Director.

Khet Kok Yin

Age 64. Independent Non-Executive Director. Appointed as Director on 28 February 2000 and resigned on 3 June 2004. Was re-appointed as a Director on 3 March 2005. Relinquished his position as Chief Executive Officer of the Company on 1 January 2007, but remained a Non-Executive Director. A member of the Audit Committee. Holds a Bachelor of Economics (Honours) from University of Malaya. Currently, he is the Chairman of Pan Malaysia Capital Berhad and also sits on the Boards of Malayan United Industries Berhad, MUI Properties Berhad, Metrojaya Berhad, Pan Malaysian Industries Berhad and Pan Malaysia Holdings Berhad. He had previously served as Joint Managing Director of MUI Bank Berhad (now known as Hong Leong Bank Berhad) and was also Joint Managing Director of KFC Holdings (Malaysia) Bhd, Managing Director of Metrojaya Berhad, Pan Malaysian Industries Berhad, Pan Malaysia Holdings Berhad, Pan Malaysia Capital Berhad and Morning Star Securities Limited, Hong Kong. Was also the President of the North American operations of The MUI Group in the United States of America, Chairman of Network Foods Limited, Australia and Beijing Morning Star - New Ark International Travel Services Co., Ltd; a Director of MUI Continental Insurance Berhad and Latin Communications Group, Inc, New York. Attended four (4) Board Meetings held during the financial year.

PROFILE OF DIRECTORS (Cont'd)

Wong Aun Phui

Age 89. Non-Independent Non-Executive Director. Appointed as Director on 25 June 2003. Relinquished his position as Chief Executive Officer of the Company on 1 January 2005, but remained a Non-Executive Director. Obtained his Senior Cambridge Certificate from Cambridge University. Had served as Assistant Managing Director of Malayan Banking Berhad, Managing Director of Pan Malayan Finance Limited and Chairman of Bandar Raya Developments Berhad. On completion of his contract in December 1984, he retired as Adviser of the then Bank Bumiputra Malaysia Berhad. He joined The MUI Group in June 1985 as Executive Advisor and since then, has served The MUI Group in various capacities which include that of Executive Director of the Manufacturing and Trading Division, Executive Director of Property Division, Managing Director of the Hotel and Property Division, Managing Director of the International Division and Special Projects Unit, and Managing Director of Cement and Building Materials Division. He was also the Adviser of the Company from March 1992 to 1993. Currently, also a Director of Chin Teck Plantations Berhad, Eng Thye Plantations Berhad, Negri Sembilan Oil Palms Berhad and Timor Oil Palm Plantation Berhad. Attended four (4) Board Meetings held during the financial year.

Dr Ngui Chon Hee

Age 77. Non-Independent Non-Executive Director. Appointed as Director on 13 July 2005. A member of the Nomination Committee and Chairman of the Remuneration Committee. A retired dental surgeon. Holds a Bachelor of Dental Surgery from the University of Singapore. Also, a Fellow in Dental Surgery of the Royal College of Surgeons of England. Had served in the Malaysian Health Service as a dental officer and retired as Senior Dental Consultant. Currently, also a Director of Malayan United Industries Berhad, Pan Malaysian Industries Berhad, Metrojaya Berhad and MUI Continental Insurance Berhad. Is the brother-in-law of Tan Sri Dato' Khoo Kay Peng, a deemed substantial shareholder of Pan Malaysia Corporation Berhad. Attended all the five (5) Board Meetings held during the financial year.

Ariff bin Rozhan

Age 43. Independent Non-Executive Director. Appointed as Director on 31 March 2006. A member of the Audit Committee, Nomination Committee and Remuneration Committee. An advocate and solicitor. Holds an LLB (Hons) from Reading University, Berks, England. Called to the Bar of England and Wales in February 1990. Practiced as a Barrister at One Garden Court, Temple, London and has appeared as Counsel at various levels of the Judicial System in England and Wales. Encik Ariff was awarded the prestigious "Barrister's Red Bag" by a Queens Counsel in 2002 in recognition of his exceptional work, assistance and contribution on a specific case. Joined Messrs Zaid Ibrahim & Co as a Partner in November 2003 upon his return to Malaysia and was appointed the Head of the Contentious Business Unit (Litigation and Arbitration) in January 2005. He was also a Committee Member of Bank Negara Law Review Committee for Islamic Banking and Financial Transaction. Attended all the five (5) Board Meetings held during the financial year.

Andrew Khoo Boo Yeow

Age 38. Non-Independent Non-Executive Director. Appointed as Director on 24 July 2009. Barrister-At-Law in Lincoln's Inn, United Kingdom, holds an AHMA Hotel Diploma majoring in Sales and Marketing in London Hotel School, United Kingdom, has a Degree in Law and Master of Arts from Cambridge University, United Kingdom and Master of Business Administration from Seattle Pacific University, United States of America as well as Bachelor of Arts majoring in Political Science and minoring in Economics in University of Victoria, Canada. Was previously the General Manager of County Hotel Epping Forest, London and the Special Assistant to the Chief Executive Officer in Corus Hotels Limited, Milton Keyes. Was a Director of Corporate Affairs in Laura Ashley Holdings plc, London in 2002. Was also the President and Chief Executive Officer of Cambridge Alliance Holdings Ltd, a property development company in Canada. Currently, he is the Executive Director of Network Foods International Ltd, Singapore, a subsidiary of the Company. He also sits on the Boards of Malayan United Industries Berhad and Laura Ashley Holdings plc, United Kingdom, an associated company of Malayan United Industries Berhad. Is the son of Tan Sri Dato' Khoo Kay Peng, a deemed substantial shareholder of Pan Malaysia Corporation Berhad. Attended all the five (5) Board Meetings held during the financial year.

Note:-
Save as disclosed, none of the Directors has any family relationship with any Director and/or major shareholder of the Company. None of the Directors has any conflict of interest with the Company nor have they been convicted of any offences within the past ten (10) years.

All the Directors are Malaysians except for Andrew Khoo Boo Yeow who holds an Australian citizenship.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (the "Board") is committed to the principles of corporate governance in the Malaysian Code of Corporate Governance (the "Code").

The Board will continuously evaluate the status of the Group's corporate governance practices and procedures with a view to adopt and implement the Best Practices of the Code wherever applicable in the best interests of the shareholders of the Company. The Board considers that it has generally applied the Principles and Best Practices of the Code.

Set out below is the description on the manner in which the Company has applied the Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

1. Directors

1.1 The Board

An effective Board leads and controls the Group. The Board is responsible for the overall performance of the Company and focuses mainly on strategies, performance, standards of conduct and critical business issues.

The Board meets at least four (4) times a year, with additional meetings convened as necessary. The Chairman is responsible for setting the agenda for Board meetings. Any Board member may, however, recommend the inclusion of items on the agenda. Such recommendations will be accommodated to the extent practicable. The agenda reaches the Board at least two (2) to three (3) weeks prior to Board meetings. Board meetings are typically scheduled a year in advance.

Five (5) Directors' meetings were held during the financial year ended 31 December 2010. Details of the attendance of the Directors are disclosed on pages 7 to 9 of the Annual Report.

1.2 Board Balance

The Board currently consist of seven (7) Directors:-

- One (1) Independent Non-Executive Chairman
- One (1) Executive Director
- Two (2) Independent Non-Executive Directors
- Three (3) Non-Independent Non-Executive Directors

All major matters and issues are referred to the Board for consideration and approval. The roles and contributions of independent Directors also provide an element of objectivity, independent judgement and check and balance on the Board.

Together, the Directors bring a wide range of business and financial experience for effective direction and management of the Group's businesses. A brief description of the background of each Director is presented on pages 7 to 9 of the Annual Report.

The Board complies with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") that requires at least two (2) or one-third (1/3) of the Board, whichever is higher, to be independent Directors.

Tan Sri Dato' Seri Dr Ting Chew Peh has been identified as the senior independent non-executive Director to whom concerns regarding the Company may be conveyed.

The Board has established Board committees, which operate within defined terms of reference. These committees are:-

- Audit Committee
- Nomination Committee
- Remuneration Committee

The Report of the Audit Committee for the financial year ended 31 December 2010 is set out on pages 17 to 19 of the Annual Report.

Details of the Nomination Committee and Remuneration Committee are set out in Section 1.4 and Section 2 respectively of this statement.

1.3 Supply of Information

The Board has unrestricted access to timely and accurate information necessary in the furtherance of their duties, which is not only quantitative but also any other information deemed suitable.

Board papers are distributed to Board members at least seven (7) days prior to the meeting. Important matters that are reasonably expected to have a material effect on the price, value or market activity of the Company's shares may be discussed at the meeting without materials being distributed prior to the meeting.

In addition to Group performances that are discussed at the meeting, there is a schedule of matters reserved specifically for the Board's decision.

All Directors have access to the advice and service of the Company Secretary and where necessary, in the furtherance of their duties, obtain independent professional advice at the Group's expense.

1.4 Appointments to the Board

The members of the Nomination Committee are as follows:-

Chairman	Tan Sri Dato' Seri Dr Ting Chew Peh	- Independent Non-Executive Director
Members	Encik Ariff bin Rozhan	- Independent Non-Executive Director
	Dr Ngui Chon Hee	- Non-Independent Non-Executive Director

The duties and functions of the Nomination Committee are:-

- identifying and recommending new nominees for the Board and Board Committees
- annually assesses the effectiveness of the Board as a whole, the Board Committees and contribution of each Director on an on-going basis
- annually reviews the mix of skills, experience and other qualities, including core competencies of non-executive Directors
- annually reviews the Board structure, size and composition

The decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the Nomination Committee.

The Directors have direct access to the services of the Company Secretary who is responsible for ensuring that all appointments are properly made and all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting the requirements of the Companies Act, 1965, Bursa Securities Listing Requirements and other regulatory requirements.

1.5 Directors' Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities. During the year, all the Directors attended training that aids them in the discharge of their duties as Directors. The training programmes include "Board of Directors and Senior Management: Roles and Responsibilities for Financial Reporting", "Corporate Governance Guide - Towards Boardroom Excellence" and an in-house seminar on "De-Mystifying Director's Legal Duties And Implication Under The Listing Requirements".

There is a familiarization programme in place for new Board members, which include visits to the Group's businesses, and meetings with senior management as appropriate, to facilitate their understanding of the Group.

1.6 Re-election of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting following their appointment. The Articles of Association of the Company also provide that all Directors shall retire from office once at least in every three (3) years but shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

2. Directors' Remuneration

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to govern the Group effectively. In the case of executive Directors, their remuneration are structured to link rewards to corporate and individual performance. In the case of non-executive Directors, the level of remuneration reflects the experience and level of responsibility undertaken by them.

The members of the Remuneration Committee are as follows:-

Chairman	Dr Ngui Chon Hee	-	Non-Independent Non-Executive Director
Members	Tan Sri Dato' Seri Dr Ting Chew Peh	-	Independent Non-Executive Director
	Encik Ariff bin Rozhan	-	Independent Non-Executive Director

The primary duty and responsibility of the Remuneration Committee is to recommend to the Board the remuneration of executive Directors in all forms, drawing from outside advice as necessary. Nevertheless, the determination of remuneration packages of executive Directors is a matter for the Board as a whole and individual executive Directors are required to abstain from discussion of their own remuneration.

The Remuneration Committee shall also recommend to the Board the remuneration of non-executive Directors. The determination of the remuneration of the non-executive Directors is a matter for the Board as a whole.

For the financial year ended 31 December 2010, the aggregate of remuneration received by the Directors of the Company from the Company and its subsidiaries categorised into appropriate components were as follows:-

	Salaries RM'000	*Fees RM'000*	*Others RM'000*	*Total RM'000*
Executive Director				
Receivable from the Company	-	24	35	59
Non-Executive Directors				
Receivable from the				
- Company	-	155	79	234
- Subsidiaries	369	-	-	369
	369	155	79	603

The number of Directors of the Company whose remuneration during the year falls within the respective bands are as follows:-

Range of remuneration	*Number of Directors* *Executive*	*Non-Executive*
Below RM50,000	1	5
RM50,001 to RM100,000	1	-
RM150,001 to RM200,000	_	1

3. Relationship with Shareholders and Investors

In addition to various announcements made during the year, the timely release of quarterly financial results provides shareholders with a regular overview of the Group's performance and operations.

Shareholders and members of the public can also obtain information on the annual and quarterly reports and the announcements made by accessing Bursa Securities's and the Company's websites.

Notice of the Annual General Meeting and the Annual Report are sent to all shareholders. At Annual General Meetings, shareholders have direct access to the Directors and are given the opportunity to ask questions during the question and answer session.

4. Accountability and Audit

4.1 Financial Reporting

In presenting the annual and quarterly reports, the Directors aim to present a balanced and comprehensive assessment of the Group's position and prospects. The Audit Committee assists the Board in ensuring accuracy, adequacy and completeness of information for disclosure.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 29 of the Annual Report and the Statement explaining the Directors' responsibility for preparing the annual audited financial statements pursuant to paragraph 15.26(a) of Bursa Securities Listing Requirements is set out on page 14 of the Annual Report.

4.2 Internal Control

The Directors acknowledge their responsibilities for the internal control system in the Group, covering not only financial controls but also controls relating to operational, compliance and risk management. The system of internal control involves each key business unit and its management, including the Board, and is designed to meet the business units' particular needs, and to manage the risks to which they are exposed. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The concept of reasonable assurance recognizes the costing aspect, whereby the cost of control procedures is not to exceed the expected benefits.

The Board recognizes that risks cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimising and managing them. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Group's assets.

4.3 Relationship with the Auditors

The Company's external auditors, Messrs KPMG have continued to report to members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the auditors to meet their professional requirements.

The role of the Audit Committee in relation to the external auditors is set out in the Report of the Audit Committee on pages 17 to 19 of the Annual Report.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF 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 results and cash flows of the Company and of the Group for the financial year.

The Directors ensure that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements.

The Directors also ensure that applicable approved Financial Reporting Standards in Malaysia 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 financial statements comply with the Companies Act, 1965.

STATEMENT ON INTERNAL CONTROL

Responsibility

The Board of Directors ("Board") is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The system includes financial, operational and compliance controls and risk management. The system is designed to identify and manage risks in the pursuit of the Group's business objectives as well as to safeguard shareholders' investments and the Group's assets. The system serves to provide reasonable but not absolute assurance against the risk of material loss. The concept of reasonable assurance recognises that the cost of control procedures is not to exceed the expected benefits.

Risk Management

The Group has in place an enterprise-wide risk management (ERM) framework and process which was implemented in 2002. Within the ERM framework, operating companies have Risk Management Committees whose members represent key areas in operations. These committees are guided by documented terms of reference and meetings are held regularly to deliberate on risk and control issues. Risks and control measures are documented and compiled to represent the risk profile of the operating company. Key risks of operating companies are consolidated to form the risk profile of the Group. Risks and control measures are periodically communicated to the relevant personnel within the Group and to the Audit Committee. Risk profiles are reviewed and updated on a periodic basis.

During the financial year under review, the Group has continued with its ERM efforts. The risk profile of the Group was reviewed and updated to reflect current conditions. The updated risk profile was documented and presented to the Audit Committee for their review and acceptance.

Hence, in accordance with the *Statement on Internal Control: Guidance for Directors of PLC*s, the Group has in place an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and this process has operated during the financial year under review and up to the date of approval of the annual report.

Control Structure and Environment

The Board is committed to maintaining a strong control structure and environment for the proper conduct of the Group's business operations. The salient features of the Group's internal control system include:

- a management structure with clearly defined lines of responsibility and authority limits
- written company values, code of conduct, policies and procedures
- monthly reporting of actual results which are reviewed against budget, with major variances being followed up and management action taken, where necessary
- an internal audit function that provides independent assurance on the effectiveness of the Group's system of internal control and advice on areas which require further improvement
- an Audit Committee comprising non-executive members of the Board with the majority being independent directors

The Board, with the assistance of the internal audit team and external professional consultants (whenever deemed necessary), continuously reviews the adequacy and integrity of the Group's system of internal control and management information systems, and compliance with laws, regulations, rules, directives and guidelines. Internal audit reports are tabled at Audit Committee meetings which are held at least once in every quarter. Control deficiencies and issues highlighted are addressed or rectified by management. There were no control deficiencies noted during the financial year under review which has a material impact on the Group's financial performance or operations.

The Group's system of internal control mainly applies to its operating companies and does not cover inactive companies and dormant companies.

The Board is of the view that the monitoring arrangements in place provide reasonable assurance that the structure of controls and operations is adequate and appropriate to the Company's and Group's situation.

This statement was made in accordance with a resolution of the Board.

OTHER INFORMATION

1. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2010 or entered into since the end of the previous financial year.

2. Sanctions and/or Penalties Imposed

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

3. Non-Audit Fees

During the financial year ended 31 December 2010, non-audit fees paid to the external auditors by the Company and its subsidiaries amounted to RM34,000 (2009: RM30,000).

4. Revaluation Policy

The Group has not adopted a policy of regular revaluation on landed properties.

5. Share Buy-Back

There were no share buy-backs, share cancellations and resale of treasury shares during the financial year.

As at 31 December 2010, 64,759,800 ordinary shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and are stated at cost.

REPORT OF THE AUDIT COMMITTEE

MEMBERS

Name	*Designation*
Tan Sri Dato' Seri Dr Ting Chew Peh - Chairman	*Independent Non-Executive Director*
Khet Kok Yin	*Independent Non-Executive Director*
Ariff bin Rozhan	*Independent Non-Executive Director*

TERMS OF REFERENCE

1. Constitution

The Audit Committee was established on 10 June 1994. The Board shall ensure that the composition of the Audit Committee comply with Bursa Securities Listing Requirements as well as other regulatory requirements.

2. Authority

- The Audit Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.
- The Audit Committee shall have unlimited access to all information and documents relevant to its activities as well as to the internal and external auditors and senior management of the Group.
- The Audit Committee is authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

3. Functions

The functions of the Audit Committee shall be:-

- to report to the Board after reviewing the following:-
  - (a) the audit plan with the external auditors;
  - (b) the evaluation of the system of internal controls with the external auditors;
  - (c) the audit report with the external auditors;
  - (d) the assistance and co-operation given by the employees of the Company to the external auditors;
  - (e) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - (f) the internal audit programme, processes, the results of the internal audits, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:-
    - (i) changes in or implementation of major accounting policy changes;
    - (ii) significant and unusual events;
    - (iii) significant adjustments arising from the audit;
    - (iv) the going concern assumption; and
    - (v) compliance with accounting standards and other legal requirements;
  - (h) 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;

(i) any letter of resignation from the external auditors;
(j) whether there is any reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;

- to recommend the nomination of a person or persons as external auditors;
- to consider the external auditors' fee and any questions of dismissal;
- to discuss problems and reservations arising out of external or internal audits and any matters which the auditors may wish to bring up (in the absence of the Executive Directors and employees of the Group whenever deemed necessary);
- to review the external auditors' management letter and management's response; and
- to consider the major findings of internal investigations and management's response,

together with such other functions as may be agreed to by the Audit Committee and the Board.

4. Meetings

During the financial year ended 31 December 2010, five (5) Audit Committee Meetings were held. Tan Sri Dato' Seri Dr Ting Chew Peh, Mr Khet Kok Yin and Encik Ariff bin Rozhan attended all the five (5) meetings.

In addition to the Committee members, the Group Financial Controller and Head of Internal Audit are invited for attendance at each meeting. The respective head of companies/departments and their management team attend when audit reports on their companies/departments are tabled for discussion. The presence of the external auditors will be requested when required.

Upon the request of the external auditors, the Chairman shall convene a meeting of the Audit Committee to consider any matter the external auditors believe should be brought to the attention of the Board or shareholders.

5. Summary of Activities of the Audit Committee during the financial year ended 31 December 2010

The Audit Committee reviewed and deliberated five (5) audit reports on assignments conducted by the Internal Audit. The Audit Committee also appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported.

In addition, the unaudited quarterly interim financial reports and the audited financial statements of the Company and the Group were reviewed by the Audit Committee together with the Group Financial Controller and Head of Internal Audit, prior to recommending the same for approval by the Board, upon being satisfied that the financial reporting and disclosure requirements of the relevant authorities had been complied with.

The Audit Committee met with the external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues and reviewed pertinent issues resulting from the audit of the financial statements. The Audit Committee also reviewed related party transactions carried out by the Group.

The Audit Committee reviewed and approved the Internal Audit Plan for the calendar year 2011. In its review of the Internal Audit Plan, the Audit Committee reviewed the scope and coverage over the activities of the respective business units of the Group.

6. Internal Audit Function

The internal audit function is performed by the Internal Audit Department of Malayan United Management Sdn Bhd, a company under the MUI Group of Companies, and is independent of the activities audited. The function is performed with impartiality, proficiency and due professional care. The Internal Audit Department reports directly to the Audit Committee Chairman, and regularly reviews and appraises the Group's key operations to ensure that key risk and control concerns are being effectively managed. Its activities include:

- reviewing the effectiveness of risk management and internal control
- appraising the adequacy and integrity of internal controls and management information systems
- ascertaining the effectiveness of management in identifying principal risks and to manage such risks through appropriate systems of internal control
- recommending improvements to existing systems of internal control
- ascertaining the level of compliance with the Group's plans, policies, procedures and adherence to laws and regulations
- appraising the effectiveness of administrative controls applied and the reliability and integrity of data that are produced within the Group
- ascertaining the adequacy of controls for safeguarding the Group's assets from losses of all kinds
- performing follow-up reviews of previous audit reports to ensure appropriate actions are implemented to address control issues highlighted, and
- conducting special reviews or investigations requested by management or by the Audit Committee

The Internal Audit carries out audit assignments based on an audit plan that is reviewed and approved by the Audit Committee. The reports of the audits undertaken were presented to the Audit Committee and forwarded to the management concerned for attention and necessary action.

The cost incurred for the internal audit function for the financial year ended 31 December 2010 is RM41,000.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I present herewith the Annual Report and financial statements of the Company and the Group for the financial year ended 31 December 2010.

ECONOMIC REVIEW

The world economy recovered in 2010 to register a growth of 5.0% after recording a contraction of 0.6% in 2009. Economic growth was particularly strong in the Asian region with China, Taiwan and Singapore achieving double-digit growths. The Malaysian economy, in tandem with this growth, recovered strongly to record a GDP growth of 7.2% in 2010 from a downturn of 1.7% in 2009. The economic recovery was due to strong domestic demand and growth in exports. The food, beverage & tobacco products subsector expanded by 8.8%.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2010, the Group recorded a revenue of RM78.6 million compared with RM72.9 million in the previous financial year. The higher revenue was due to better sales following the major rebranding exercise undertaken by the Group for several of its products. This has helped to elevate the brand positioning of its products and improve their market acceptance.

Despite the higher revenue, the Group recorded a higher pre-tax loss of RM3.9 million compared with a pre-tax loss of RM0.1 million in the previous year. The loss was due to unrealised loss on foreign exchange, higher raw material costs, stock write-offs and higher advertising and promotion expenditure which was incurred as part of the rebranding exercise. The extent of the loss, however, was mitigated by the gain on disposal of investments and write-back of impairment of property, plant and equipment.

REVIEW OF OPERATIONS

The Group's primary business activities are in the manufacturing, marketing and distribution of food & confectionery products. These operations are undertaken by its wholly-owned subsidiary, Network Foods International Ltd (NFIL) which is based in Singapore. NFIL operates in Malaysia, Singapore and Hong Kong through its four operating subsidiaries.

Network Food Industries Sdn Bhd (NFI) manufactures chocolate and confectionery products under established brands such as Tudor Gold, Crispy, Tango, Kandos and Kiddies as well as other private-label products for the domestic and overseas markets.

For the year under review, NFI achieved total sales of RM50.4 million which was 6.2% higher than that of the previous year. The increase in sales was contributed by the growth in the production of private labels for local and overseas customers. Despite higher sales, NFI recorded a reduced profit of RM1.0 million due to weaker-than-expected domestic sales and high commodity prices of sugar, cocoa powder and fats.

During the year, NFI continued with its rebranding exercise that led to achieved product improvement, taste enhancement and packaging refinement for a number of its products. These efforts have helped the rebranded products to gain market acceptance and will result in improved sales this year.

Network Foods (Malaysia) Sdn Bhd (NFM) offers countrywide marketing and distribution services for the Group's food confectionery products as well as for the products of other agency lines.

For the financial year under review, NFM recorded a higher revenue of RM33.3 million compared with RM32.9 million last year but incurred a loss before tax of RM5.9 million compared with a loss before tax of RM4.3 million last year. The higher loss was due to the high allocation of funds for advertising and promotion. This expenditure was necessary for the long-term success of the rebranding exercise. Revenue from agency brands improved during the year and the company expects to return to profitability this financial year.

Operations in Singapore and Hong Kong are undertaken by Network Foods Distribution Pte Ltd (NFD) and Network Foods (Hong Kong) Ltd (NFHK) respectively. In 2010, NFD continued to invest heavily in order to establish market penetration for its Tudor Gold and Crispy brands.

Unfortunately, the company experienced higher than expected returns of its festive packages, resulting in a decline in revenue and higher losses for the year. The Tango and Kandos brands were also launched in key channels during the fourth quarter with Tango showing some early promise.

NFHK achieved another profitable set of results on the back of increasing demand for our house brands and private-label products. Successful sales of Tudor Gold and Tango into selected key channels in Southern China also provided a platform for expected future growth.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is defined as open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders. The Group understands that its future performance is intrinsically linked to its performance on these sustainability issues. As such and as a responsible corporate citizen, the Group has embraced CSR principles and integrated its practices within its corporate culture.

This past year, the Company is proud to have maintained emphasis on wider community issues by contributing to children, youth development and the under-privileged via the support of education. In Malaysia, the Group supported the under-privileged through the direct support of 20 primary schools in the Klang Valley. It has also supported the activities of the Malaysian performing arts and contributed to events in aid of charitable organisations. In Singapore, apart from school sponsorships, programmes supported by the Company included the Youth Olympics, Children's Aid Society and the Singapore Association of the Deaf.

PROSPECTS FOR 2011

The Malaysian economy is expected to grow between 5.0% and 6.0% in 2011. The growth will be driven mainly by strong domestic demand. High commodity prices in 2010 are expected to persist in 2011.

Against this backdrop, the Group's business operations are expected to be challenging this financial year.

Nevertheless, the Group will continue with its competitive strategy of further developing its own brands to enhance its market position. In addition, the Group will continue its rationalisation effort to improve margins and productivity.

DIRECTORATE

Mr Chan Choung Yau resigned as Executive Director of the Company on 30 September 2010. The Board would like to take this opportunity to thank him for his contribution to the Group.

Mr Wong Nyen Faat was appointed Executive Director of the Company on the same date. The Board looks forward to his contribution to the development of the Group.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my heartfelt appreciation to the staff and management for their hard work and commitment. To our valued customers, business associates, bankers and loyal shareholders, I wish to thank you for your continuing support. My sincere appreciation also goes to my fellow Directors for their wise counsel and invaluable dedication to the Group.

Tan Sri Dato' Seri Dr Ting Chew Peh
Chairman

9 May 2011

Some of the rebranded products of Network Foods

FINANCIAL HIGHLIGHTS

As at 31 December	***2010***	*2009*	*2008*	*2007*	*2006*
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
		(Restated)	*(Restated)*	*(Restated)*	*(Restated)*
ASSETS					
Property, plant and equipment	**48,609**	44,471	26,557	36,701	36,802
Investment property	**1,163**	1,219	1,249	1,227	1,272
Associates & investments	**126,038**	136,743	122,337	149,721	139,355
Goodwill & intangibles	**63,190**	63,190	63,190	63,190	63,190
Deferred tax assets	**-**	82	215	337	681
Currents assets	**121,934**	144,333	361,020	440,209	472,771
Total Assets	**360,934**	390,038	574,568	691,385	714,071
EQUITY AND LIABILITIES					
Share capital	**386,678**	386,678	386,678	386,678	386,678
Treasury shares	**(30,466)**	(30,466)	(30,466)	(29,478)	(29,478)
Reserves	**(46,810)**	(35,788)	(34,168)	687	(20,413)
	309,402	320,424	322,044	357,887	336,787
Minority interests	**2,209**	11,032	9,616	8,738	7,986
Total Equity	**311,611**	331,456	331,660	366,625	344,773
Non-current liabilities	**1,296**	781	567	693	927
Current liabilities	**48,027**	57,801	242,341	324,067	368,371
Total Equity and Liabilities	**360,934**	390,038	574,568	691,385	714,071

Financial year ended 31 December	***2010***	*2009*	*2008*	*2007*	*2006*
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Continuing operations					
Revenue	**78,571**	72,924	124,959	129,866	119,374
Profit/(Loss) from operations before exceptional items	**(1,653)**	2,039	(20,826)	33,432	3,501
Exceptional items	**-**	-	-	-	(14,850)
Profit/(Loss) from operations after exceptional items	**(1,653)**	2,039	(20,826)	33,432	(11,349)
(Loss)/Profit before taxation	**(3,911)**	(98)	(36,237)	17,461	(29,142)
(Loss)/Profit for the financial year from continuing operations	**(4,381)**	(778)	(37,969)	15,870	(30,016)
Discontinued operation					
Profit/(Loss) for the financial year from discontinued operation	**-**	-	-	9,182	(38,053)
(Loss)/Profit for the financial year	**(4,381)**	(778)	(37,969)	25,052	(68,069)
(Loss)/Profit attributable to equity holders of the Company	**(4,469)**	(1,186)	(39,361)	24,300	(68,178)

In the above summary, the figures reflect the results and state of offairs of the Group reported in accordance with new FRSs that were effective/relevant in the respective financial year. The figures for property, plant and equipment have been restated with the adoption of the Amendments to FRS 117: Leases..

DIRECTORS' REPORT

The Directors wish to present their report and the audited financial statements of the Company and of the Group for the financial year ended 31 December 2010.

Principal Activities

The Company is an investment holding company. The principal activities of the subsidiaries are that of investment holding, the provision of management services and the manufacturing, marketing and distribution of confectionery and cocoa-based and other food products. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM'000	*Company RM'000*
(Loss)/Profit for the year attributable to:		
Owners of the Company	(4,469)	3,414
Minority interests	88	-
	(4,381)	3,414

Movements In Reserves And Provisions

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

Dividends

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

Directors

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

Tan Sri Dato' Seri Dr Ting Chew Peh (Chairman)
Wong Nyen Faat (Executive Director) (Appointed on 30.09.2010)
Chan Choung Yau (Resigned on 30.09.2010)
Khet Kok Yin
Wong Aun Phui
Dr Ngui Chon Hee
Ariff bin Rozhan
Andrew Khoo Boo Yeow

Directors' Interests

None of the Directors who held office at the end of the financial year had, according to the Register of Directors' Shareholdings, any interest in the shares and/or securities of the Company and its related corporations except as stated below:-

Ordinary shares of 50 sen each in Pan Malaysia Corporation Berhad	***Number of shares***			
	Balance at 1.1.2010	***Bought***	***Sold***	***Balance at 31.12.2010***
Wong Aun Phui				
Direct	426,500	-	-	426,500

Ordinary shares of RM1 each in Malayan United Industries Berhad ("MUI")	***Number of shares***			
	Balance at 1.1.2010	***Bought***	***Sold***	***Balance at 31.12.2010***
Wong Aun Phui				
Direct	1,497,000	-	-	1,497,000

Ordinary shares of 20 sen each in MUI Properties Berhad	***Number of shares***			
	Balance at 1.1.2010	***Bought***	***Sold***	***Balance at 31.12.2010***
Dr Ngui Chon Hee				
Direct	30,000	-	-	30,000
Indirect	84,000	-	-	84,000

Class A1 Irredeemable Convertible Unsecured Loan Stocks in MUI	***Nominal Value (RM)***			
	Balance at 1.1.2010	***Bought***	***Sold***	***Balance at 31.12.2010***
Wong Aun Phui				
Direct	320,628	-	-	320,628
Dr Ngui Chon Hee				
Direct	13,013	-	-	13,013
Indirect	36,436	-	-	36,436

DIRECTORS' REPORT (Cont'd)

Class A2 Irredeemable Convertible Unsecured Loan Stocks in MUI	*Nominal Value (RM)*			
	Balance at 1.1.2010	***Bought***	***Sold***	***Balance at 31.12.2010***
Wong Aun Phui				
Direct	320,628	-	-	320,628
Dr Ngui Chon Hee				
Direct	13,013	-	-	13,013
Indirect	36,436	-	-	36,436

Class A3 Irredeemable Convertible Unsecured Loan Stocks in MUI	*Nominal Value (RM)*			
	Balance at 1.1.2010	***Received***	***Sold***	***Balance at 31.12.2010***
Wong Aun Phui				
Direct	-	84,142*	-	84,142
Dr Ngui Chon Hee				
Direct	-	3,414*	-	3,414
Indirect	-	9,560*	-	9,560

* *Received as an entitlement in respect of the unconverted Class A1 and Class A2 Irredeemable Convertible Unsecured Loan Stocks of MUI held as at 30 June 2010.*

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefits (other than as disclosed in the financial statements or the remuneration received by certain Directors as Directors/Executives of related corporations) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during the financial year did there subsist any arrangement, to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate.

Issue Of Shares

There were no changes in the issued and paid-up share capital of the Company during the financial year.

Option Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other Statutory Information

(a) In the opinion of the Directors:-

(i) the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the financial statements;

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company or of the Group for the financial year in which this report is made; and

(iii) no contingent liability 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 will or may affect the ability of the Company or of the Group to meet their obligations when they fall due.

(b) Before the income statements and statements of financial position of the Company and of the Group were made out, the Directors took reasonable steps:-

(i) to ascertain that proper action has 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

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business were written down to an amount which they might be expected so to realise.

(c) At the date of this report, the Directors are not aware of any circumstances which would render:-

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the Company and the Group inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Company and of the Group misleading.

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

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

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

(ii) any contingent liability in respect of the Company or of the Group which have arisen since the end of the financial year.

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

DIRECTORS' REPORT (Cont'd)

Ultimate Holding Company

The ultimate holding company is Malayan United Industries Berhad, a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Tan Sri Dato' Seri Dr Ting Chew Peh

Wong Nyen Faat

25 April 2011

STATEMENT BY DIRECTORS

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

We, Tan Sri Dato' Seri Dr Ting Chew Peh and Wong Nyen Faat, being two of the Directors of Pan Malaysia Corporation Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 32 to 86 are drawn up in accordance with Financial Reporting Standards and Companies Act, 1965 in Malaysia, so as to give a true and fair view of the financial position of the Company and of the Group at 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 31 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Tan Sri Dato' Seri Dr Ting Chew Peh

Wong Nyen Faat

25 April 2011

STATUTORY DECLARATION

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

I, Chan Kok Kee, being the officer primarily responsible for the financial management of Pan Malaysia Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 32 to 87 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at Kuala Lumpur in the Federal Territory on 25 April 2011.

Chan Kok Kee

Before me

P. Valliamah
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the members of Pan Malaysia Corporation Berhad

Report on the Financial Statements

We have audited the financial statements of Pan Malaysia Corporation Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 32 to 86.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 2010 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the accounts and the auditors' reports, where available, of the subsidiaries of which we have not acted as auditors, which are indicated in Note 30 to the financial statements.

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

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

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 31 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not part of the financial statements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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.

KPMG
Firm Number: AF 0758
Chartered Accountants

Thong Foo Vung
Approval Number: 2867/08/12(J)
Chartered Accountant

Petaling Jaya, Malaysia

Date: 25 April 2011

INCOME STATEMENTS

For the financial year ended 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Revenue	4	**78,571**	72,924	**2,522**	2,186
Cost of sales		**(55,208)**	(42,358)	**-**	-
Gross profit		**23,363**	30,566	**2,522**	2,186
Other operating income		**11,536**	5,775	**5,839**	481
Selling and distribution expenses		**(18,527)**	(20,502)	**-**	-
Administrative expenses		**(12,363)**	(12,145)	**(1,410)**	(1,172)
Other operating expenses		**(5,662)**	(1,655)	**(1,314)**	-
(Loss)/Profit from operations		**(1,653)**	2,039	**5,637**	1,495
Finance cost		**(2,258)**	(2,137)	**(2,223)**	(2,112)
(Loss)/Profit before taxation`	5	**(3,911)**	(98)	**3,414**	(617)
Taxation	6	**(470)**	(680)	**-**	598
(Loss)/Profit for the financial year		**(4,381)**	(778)	**3,414**	(19)
Attributable to :-					
Equity holders of the Company		**(4,469)**	(1,186)	**3,414**	(19)
Minority interests		**88**	408	**-**	-
(Loss)/Profit for the financial year		**(4,381)**	(778)	**3,414**	(19)

	Note	Sen	Sen
Loss per share (Basic):	7	**(0.63)**	(0.17)
		(0.63)	(0.17)

The attached notes form an integral part of these financial statements

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2010

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
(Loss)/Profit for the financial year	**(4,381)**	(778)	**3,414**	(19)
Other comprehensive income/(expense)				
Fair value of available-for-sale financial assets				
- Net gain on fair value changes	**2,840**	-	**498**	-
Foreign exchange translation differences for foreign operations	**(1,438)**	574	**-**	-
Total comprehensive (expense)/income for the financial year	**(2,979)**	(204)	**3,912**	(19)
Total comprehensive (expense)/income for financial year attributable to:-				
Equity holders of the Company	**(2,624)**	(1,620)	**3,912**	(19)
Minority interests	**(355)**	1,416	**-**	-
	(2,979)	(204)	**3,912**	(19)

The attached notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2010

	Note	Group			Company	
		2010	31.12.2009	1.1.2009	**2010**	31.12.2009
		RM'000	RM'000	RM'000	**RM'000**	RM'000
			Restated	Restated		
ASSETS						
Non-current assets						
Property, plant and equipment	8	**48,609**	44,471	26,557	**79**	121
Investment property	9	**1,163**	1,219	1,249	**-**	-
Investments in subsidiaries	10	**-**	-	-	**80,891**	114,729
Amount owing by a subsidiary	10	**-**	-	-	**-**	92,958
Investments	11	**126,038**	136,743	122,337	**3,860**	2,180
Goodwill on consolidation	12	**58,206**	58,206	58,206	**-**	-
Trademarks	12	**4,984**	4,984	4,984	**-**	-
Deferred tax assets	13	**-**	82	215	**-**	-
		239,000	245,705	213,548	**84,830**	209,988
Current assets						
Investments classified as held for sale		**-**	-	2,802	**-**	-
Investments	11	**115**	-	-	**-**	-
Inventories	14	**17,493**	22,577	19,790	**-**	-
Trade and other receivables	15	**14,349**	18,250	33,452	**146**	133
Amounts owing by subsidiaries	10	**-**	-	-	**204,955**	155,790
Tax recoverable		**903**	819	413	**-**	-
Cash and cash equivalents	16	**89,074**	102,687	304,563	**31,032**	31,021
		121,934	144,333	361,020	**236,133**	186,944
TOTAL ASSETS		**360,934**	390,038	574,568	**320,963**	396,932
EQUITY AND LIABILITIES						
Equity attributable to equity holders of the Company						
Share capital	17	**386,678**	386,678	386,678	**386,678**	386,678
Treasury shares	17	**(30,466)**	(30,466)	(30,466)	**(30,466)**	(30,466)
Reserves	18	**(46,810)**	(35,788)	(34,168)	**(125,959)**	(98,182)
		309,402	320,424	322,044	**230,253**	258,030
Minority interest	19	**2,209**	11,032	9,616	**-**	**-**
Total equity		**311,611**	331,456	331,660	**230,253**	258,030
Non-current liabilities						
Loans and borrowings	20	**450**	-	-	-	-
Deferred tax liabilities	13	**846**	781	567	-	-
		1,296	781	567	-	-
Current liabilities						
Trade and other payables	21	**10,569**	17,063	21,513	**403**	408
Loans and borrowings	20	**37,458**	40,738	219,938	**37,365**	40,738
Taxation		**-**	-	640	**-**	-
Amount owing to related company		**-**	-	250	**-**	-
Amounts owing to subsidiaries	10	**-**	-	-	**52,942**	97,756
		48,027	57,801	242,341	**90,710**	138,902
Total liabilities		**49,323**	58,582	242,908	**90,710**	138,902
TOTAL EQUITY AND LIABILITIES		**360,934**	390,038	574,568	**320,963**	396,932

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2010

		Attributable to Equity Holders of the Company										
			Non-Distributable									
Group	***Note***	***Share Capital RM'000***	***Treasury Shares RM'000***	***Capital Redemption Reserve RM'000***	***Share Premium RM'000***	***Exchange Translation Reserve RM'000***	***Other Reserve RM'000***	***Fair value Reserves RM'000***	***Accumulated Losses RM'000***	***Total RM'000***	***Minority Interests RM'000***	***Total Equity RM'000***
At 1 January 2009		386,678	(30,466)	33,327	472,258	31,064	56,558	-	(627,375)	322,044	9,616	331,660
Total comprehensive (expense)/income for the year		-	-	-	-	(434)	-	-	(1,186)	(1,620)	1,416	(204)
At 31 December 2009		386,678	(30,466)	33,327	472,258	30,630	56,558	-	(628,561)	320,424	11,032	331,456
At 1 January 2010, as previously stated		**386,678**	**(30,466)**	**33,327**	**472,258**	**30,630**	**56,558**	**-**	**(628,561)**	**320,424**	**11,032**	**331,456**
Effects arising from adoption of FRS 139	27	**-**	**-**	**-**	**-**	**-**	**-**	**16,078**	**(27,710)**	**(11,632)**	**-**	**(11,632)**
At 1 January 2010, as restated		**386,678**	**(30,466)**	**33,327**	**472,258**	**30,630**	**56,558**	**16,078**	**(656,271)**	**308,792**	**11,032**	**319,824**
Total comprehensive (expense)/income for the year		**-**	**-**	**-**	**-**	**(995)**	**-**	**2,840**	**(4,469)**	**(2,624)**	**(355)**	**(2,979)**
		386,678	**(30,466)**	**33,327**	**472,258**	**29,635**	**56,558**	**18,918**	**(660,740)**	**306,168**	**10,677**	**316,845**
Accretion of interest in a subsidiary		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,234**	**3,234**	**(3,234)**	**-**
Dividend paid to minority interest of a subsidiary		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,234)**	**(5,234)**
At 31 December 2010		**386,678**	**(30,466)**	**33,327**	**472,258**	**29,635**	**56,558**	**18,918**	**(657,506)**	**309,402**	**2,209**	**311,611**
		Note 17	**Note 17**	**Note 18**	**Note 18**	**Note 18**	**Note 18**	**Note 18**			**Note 19**	

Pan Malaysia Corporation Berhad
Company No: 4920-D
Incorporated in Malaysia

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2010

				Non-Distributable				
Company	***Note***	***Share Capital RM'000***	***Treasury Shares RM'000***	***Capital Redemption Reserve RM'000***	***Share Premium RM'000***	***Fair value Reserves RM'000***	***Accumulated Losses RM'000***	***Total Equity RM'000***
At 1 January 2009		386,678	(30,466)	33,327	472,258	-	(603,748)	258,049
Total comprehensive expense for the year		-	-	-	-	-	(19)	(19)
At 31 December 2009		386,678	(30,466)	33,327	472,258	-	(603,767)	258,030
At 1 January 2010, as previously stated		**386,678**	**(30,466)**	**33,327**	**472,258**	**-**	**(603,767)**	**258,030**
Effects arising from adoption of FRS 139	27	**-**	**-**	**-**	**-**	**-**	**(31,689)**	**(31,689)**
At 1 January 2010, as restated		**386,678**	**(30,466)**	**33,327**	**472,258**	**-**	**(635,456)**	**226,341**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**498**	**3,414**	**3,912**
At 31 December 2010		**386,678**	**(30,466)**	**33,327**	**472,258**	**498**	**(632,042)**	**230,253**
		Note 17	**Note 17**	**Note 18**	**Note 18**	**Note 18**		

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

STATEMENTS OF CASH FLOW

For the financial year ended 31 December 2010

	Notes	Group 2010 RM'000	Group 2009 RM'000 Restated	Company 2010 RM'000	Company 2009 RM'000
Cash Flows From Operating Activities					
(Loss)/Profit before taxation		**(3,911)**	(98)	**3,414**	(617)
Adjustments for:-					
Allowance for diminution in value of quoted investments		-	1,655	-	-
Depreciation		**3,137**	2,393	**42**	43
Dividend income		**(1,172)**	(408)	**(300)**	(75)
Gain on disposal of property, plant and equipment		**(69)**	(39)	-	-
Gain on disposal of investments		**(5,998)**	(826)	**(5,839)**	-
Impairment loss on investments (available-for-sale)		**1,875**	-	**766**	-
Unrealised fair value gain on investments classified as fair value through profit and loss		**(19)**	-	-	-
Reversal of impairment loss on receivables		**(17)**	(5)	-	-
Interest expense		**2,258**	2,137	**2,223**	2,112
Interest income		**(1,190)**	(1,659)	**(2,129)**	(2,018)
Reversal of impairment of property, plant and equipment		**(4,244)**	(223)	-	-
Unrealised exchange loss/(gain)		**4,853**	(3,282)	**549**	(479)
Write down of inventories to net realisable value		**3,432**	1,255	-	-
Operating (loss)/profit before working capital changes		**(1,065)**	900	**(1,274)**	(1,034)
Decrease/(Increase) in inventories		**1,542**	(4,074)	-	-
Decrease/(Increase) in trade and other receivables		**3,652**	15,174	**(13)**	173
Decrease in trade and other payables		**(6,339)**	(4,447)	**(5)**	(430)
Cash (used in)/generated from operations		**(2,210)**	7,553	**(1,292)**	(1,291)
Interest paid		**(2,258)**	(2,137)	**(2,223)**	(2,112)
Interest received		**1,190**	1,659	**769**	990
Dividend received		**1,172**	408	**300**	75
Tax paid		**(1,352)**	(1,821)	-	-
Tax refunded		**942**	442	-	-
Net cash (used in)/generated from operating activities		**(2,516)**	6,104	**(2,446)**	(2,338)
Cash Flows From Investing Activities					
Purchase of investments		**(873)**	(16,113)	-	-
Purchase of property, plant and equipment	(a)	**(2,553)**	(19,912)	-	(3)
Proceeds from disposal of investments		**6,812**	3,680	**6,039**	-
Proceeds from disposal of property, plant and equipment		**69**	53	-	-
Advances to subsidiaries		-	-	**(1,794)**	(16,481)
Advances from subsidiaries		-	-	-	458
Repayments from subsidiaries		-	-	-	3,519
Repayments to subsidiaries		-	-	**(43,814)**	-
Repayments to related company		-	(250)	-	-
Net cash generated from/(used in) investing activities		**3,455**	(32,542)	**(39,569)**	(12,507)

STATEMENTS OF CASH FLOW (Cont'd)

	Notes	Group 2010 RM'000	Group 2009 RM'000 Restated	Company 2010 RM'000	Company 2009 RM'000
Cash Flows From Financing Activities					
Repayment of hire purchase		**(84)**	-	-	-
Repayments from subsidiary		-	-	**45,399**	29
Repayments of bank borrowings		**(2,300)**	(171,573)	**(2,300)**	(171,500)
Dividend paid to minority shareholders of a subsidiary		**(5,234)**	-	-	-
Net cash (used in)/generated from financing activities		**(7,618)**	(171,573)	**43,099**	(171,471)
Net (decrease)/increase in cash and cash equivalents		**(6,679)**	(198,011)	**1,084**	(186,316)
Exchange translation differences		**(5,861)**	3,763	-	-
Cash and cash equivalents as at 1 January		**101,449**	295,697	**29,783**	216,099
Cash and cash equivalents as at 31 December	(b)	**88,909**	101,449	**30,867**	29,783

(a) Purchase of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM3,179,000 (2009: RM19,912,000), of which RM626,000 (2009: Nil) were acquired by means of hire purchase.

(b) Cash and cash equivalents consist of the following:-

	Notes	Group 2010 RM'000	Group 2009 RM'000 Restated	Company 2010 RM'000	Company 2009 RM'000
Deposits with licensed banks	16	**80,089**	96,900	**31,000**	31,000
Cash and bank balances	16	**8,985**	5,787	**32**	21
Bank overdrafts - unsecured	20	**(165)**	(1,238)	**(165)**	(1,238)
		88,909	101,449	**30,867**	29,783

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

1. Significant Accounting Policies

1.1 Basis of Preparation

The financial statements of the Company and of the Group have been prepared under the historical cost convention except as disclosed in Note 1.2. The financial statements have been prepared in accordance with Financial Reporting Standards (FRS), generally accepted accounting principles and the Companies Act,1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

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

1.2 Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities, other than those disclosed in the following notes:
- Note 1.2 (e) Investment properties carried at cost
- Note 1.2 (g) Financial instruments
- Note 1.2 (n) Leases and hire purchase commitment
- Note 1.2 (s) Borrowing costs
- Note 1.2 (t) Operating segments

(a) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries for the financial year ended 31 December 2010. Subsidiaries are those enterprises in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the cost of acquisition over the fair value of the Group's share of the subsidiaries' net assets at the date of acquisition is reflected as goodwill or negative goodwill.

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

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in profit or loss.

1. Significant Accounting Policies (cont'd)

1.2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Consolidation (cont'd)

Minority interests at the end of the reporting period, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Minority interests in the results of the Group are presented in the consolidated statement of comprehensive income as an allocation of the comprehensive income for the year between minority interests and the owners of the Company.

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

(b) Goodwill

Goodwill arises on business combination and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3 beginning 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in statements of comprehensive income.

Goodwill is allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

(c) Currency Translations

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

Foreign currency transactions are converted into Ringgit Malaysia at rates of exchange ruling of the transaction dates. Foreign currency monetary assets and liabilities are translated to Ringgit Malaysia at rates of exchange ruling on the end of the reporting period. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the profit or loss.

For consolidation purposes, the assets and liabilities of overseas subsidiaries are translated at exchange rates ruling at the end of the reporting period and the results of overseas subsidiaries are translated at the average rates of exchange for the financial year. Exchange differences recognised in the profit or loss of entities in the Group separate financial statements on translation of long-term monetary items forming part of the Group's net investment in the foreign operations concerned are classified to the exchange translation reserve. Deferred exchange differences are recognised in the consolidated statement of comprehensive income upon disposal of the net investment in the foreign operations.

(d) Property, Plant and Equipment

Freehold land is stated at cost less impairment losses, if any. All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land is not depreciated as it has an infinite life.

All other property, plant and equipment are depreciated on a straight line basis so as to write off the cost of the assets to their residual values over their estimated useful lives as follows:-

Buildings	20 to 50 years
Plant and machinery	5 to 20 years
Motor vehicles	5 years
Furniture, fittings and equipment	3 to 20 years
Leasehold land	41 to 73 years

Depreciation on assets under construction commences when the assets are ready for their intended use.

The depreciation methods, useful lives and residual values are reassessed at each financial year-end.

(e) Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold land) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy note 1.2(d). Freehold land is not depreciated.

1. Significant Accounting Policies (cont'd)

1.2 Summary of Significant Accounting Policies (cont'd)

(e) Investment properties carried at cost (cont'd)

The fair values, for disclosure purposes, are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The Directors periodically assess the fair value of the Group's investment properties based upon the advice of professional valuers.

An investment property under construction before 1 January 2010 was classified as property, plant and equipment and measured at cost. Such property is measured at cost until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in profit or loss.

Following the amendment made to FRS 140, *Investment Property,* with effect from 1 January 2010, investment property under construction is classified as investment property. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier. The initial application of the amendment does not have any material impact on the financial statements of the Group.

(f) Investment in subsidiaries

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

(g) Financial Instruments

Arising from the adoption of FRS 139, *Financial Instruments: Recognition and Measurement,* with effect from 1 January 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied. Significant changes to the accounting policies are discussed in Note 27.

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial Assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 1.2(r)(i)).

1. Significant Accounting Policies (cont'd)

1.2 Summary of Significant Accounting Policies (cont'd)

(g) Financial Instruments (cont'd)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(h) Trademarks

Trademarks represent the value paid for the rights to utilise certain brand names for the manufacture, sales or distribution of chocolate and food products. Trademarks are stated at cost less accumulated impairment losses, if any.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average method.

The cost of work-in-progress and finished goods include the cost of raw materials, direct labour and a proportion of manufacturing overheads.

The cost of raw materials, sundry stores and consumables comprise the original cost of purchase plus the cost of bringing the inventories to their present condition and location.

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

(j) Trade and other receivables

Prior to 1 January 2010, receivables were initially recognised at their costs and subsequently measured at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with Note 1.2(g)(ii)(b).

(k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash of hand, balances and deposits with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy Note 1.2(g)(ii)(b).

(l) Share Capital

Ordinary shares are classified as equity. Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company .

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable cost, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

(m) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or other comprehensive income.

Current tax expense is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

1. Significant Accounting Policies (cont'd)

1.2 Summary of Significant Accounting Policies (cont'd)

(m) Income Tax (cont'd)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(n) Leases and Hire Purchase Commitments

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

Minimum lease payments made under finance leases are apportioned between the finance expense and reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and the leased assets are not recognised on the Group's statements of financial position.

In the previous year, leasehold land that normally has an indefinite economic life and title is not expected to pass to the leasee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid land lease payments. The Group has adopted the amendment made to FRS 117, Leases in 2010 in relation to the classification of lease of land. Leasehold land which in substance is a finance lease has been reclassified and measured as such, retrospectively.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(o) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be require to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

(p) Employee Benefits

(i) Short Term Benefits

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

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

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contribution to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the profit or loss as incurred.

(q) Revenue Recognition

Sales are recognised upon delivery of products and customer acceptance, if any, or performance of services, net of sales taxes and discounts, and after eliminating sales within the Group.

Other revenue earned by the Group are recognised on the following bases:-

Interest income	- as it accrues unless collectibility is in doubt
Dividend income	- when the shareholder's right to receive payment is established
Rental income	- on a straight-line basis over the term of the lease.

(r) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

1. Significant Accounting Policies (cont'd)

1.2 Summary of Significant Accounting Policies (cont'd)

(r) Impairment (cont'd)

(i) Financial assets (cont'd)

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised.Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of non-financial assets (except for inventories and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(s) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Before 1 January 2010, all borrowing costs were recognised in profit or loss using the effective interest method in the period in which they are incurred.

Following the adoption of revised FRS 123, *Borrowing Costs*, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

The initial application of the revised standard does not have any material impact on the financial statements of the Group.

(t) Operating segments

In the previous years, a segment was a distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which was subject to risks and rewards that were different from those of other segments.

1. Significant Accounting Policies (cont'd)

1.2 Summary of Significant Accounting Policies (cont'd)

(t) Operating segments (cont'd)

Following the adoption of FRS 8, *Operating Segments*, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

1.3 Significant Accounting Estimates and Judgements

(a) Critical Judgements Made In Applying Accounting Policies

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

(i) Depreciation of Property, Plant and Equipment

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

(ii) Impairment of Goodwill and Trademarks

The Group determines whether goodwill and trademarks are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill or trademarks is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 December 2010, the carrying amount of goodwill is RM58,206,000 (2009: RM58,206,000) and the carrying amount of trademarks is RM4,984,000 (2009: RM4,984,000).

(iii) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

2. Changes in Accounting Policies And Adoption Of New And Revised Financial Reporting Standards ("FRSs")

The accounting policies adopted by the Group are consistent with those adopted in the previous year other than those disclosed in the following notes:

- Note 1.2 (e) Investment properties carried at cost
- Note 1.2 (g) Financial instruments
- Note 1.2 (n) Leases and hire purchase commitment
- Note 1.2 (s) Borrowing costs
- Note 1.2 (t) Operating segments

Standards and Interpretations issued but not yet effective

The Group has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

Amendments to FRS 132 : *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

FRS 1	: *First-time Adoption of Financial Reporting Standards (revised)*
FRS 3	: *Business Combinations (revised)*
FRS 127	: *Consolidated and Separate Financial Statements (revised)*
Amendments to FRS 2	: *Share-based Payment*
Amendments to FRS 5	: *Non-current Assets Held for Sale and Discontinued Operations*
Amendments to FRS 138	: *Intangible Assets*
IC Interpretation 12	: *Service Concession Agreements*
IC Interpretation 16	: *Hedges of a Net Investment in a Foreign Operation*
IC Interpretation 17	: *Distributions of Non-cash Assets to Owners*
Amendments to IC Interpretation 9	: *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

Amendments to FRS 1	: *First-time Adoption of Financial Reporting Standards* - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters.* - *Additional Exemptions for First-time Adopters*
Amendments to FRS 2	: *Group Cash-settled Share Based Payment Transactions*
Amendments to FRS 7	: *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*

2. Changes in Accounting Policies And Adoption Of New And Revised Financial Reporting Standards ("FRSs") (cont'd)

IC Interpretation 4	: *Determining whether an Arrangement contains a Lease*
IC Interpretation 18	: *Transfers of Assets from Customers*
Improvements to FRSs (2010)	

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

IC Interpretation 19	: *Extinguishing Financial Liabilities with Equity Instruments*
Amendments to IC Interpretation 14	: *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

FRS 124	: *Related Party Disclosures (revised)*
IC Interpretation 15	: *Agreements for the Construction of Real Estate*

The Group and the Company plans to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for Amendments to FRS 1, 2 and 5, IC Interpretations 12, 16, 17 and 18, which are not applicable to the Group.

Following the announcement made by the Malaysian Accounting Standards Board on 1 August 2008, the Group and the Company's financial statements will be prepared in accordance with the International Financial Reporting Standards framework for annual periods beginning on 1 January 2012.

The initial application of a standard, amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impact to the current and prior periods financial statements upon their first adoption.

The initial applications of the other standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group and the Company.

3. General Information

The Company is an investment holding company. The principal activities of the subsidiaries are that of investment holding, the provision of management services and the manufacturing, marketing and distribution of confectionery and cocoa-based and other food products.

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

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

The ultimate holding company is Malayan United Industries Berhad, a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Securities.

The registered office and principal place of business of the Company is at 5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur, Malaysia.

The financial statements were approved by the Board of Directors on 25 April 2011.

4. Revenue

	Group		*Company*	
	2010	*2009*	***2010***	*2009*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Sale of goods	**76,135**	70,793	-	-
Interest income	**1,190**	1,659	**2,129**	2,018
Dividend income	**1,172**	408	**300**	75
Rendering of services and other income	**74**	64	**93**	93
	78,571	72,924	**2,522**	2,186

5. (Loss)/Profit Before Taxation

	Group		*Company*	
	2010	*2009*	***2010***	*2009*
	RM'000	*RM'000*	***RM'000***	*RM'000*
		Restated		
(Loss)/Profit before taxation is stated after charging:-				
Allowance for diminution in value of quoted investments	-	1,655	-	-
Audit fees				
Holding company auditor				
- current	**143**	98	**73**	73
- under provision	-	5	-	5
Other auditors				
- current	**109**	178	-	-
Non audit fees				
- Holding company auditor	**20**	6	-	-
- Other auditors	-	-	-	-
Depreciation				
- property, plant and equipment	**3,106**	2,349	**42**	43
- investment property	**31**	44	-	-
Directors' remuneration receivable by:-				
Directors of the Company				
- fees	**179**	-	**179**	-
- other emoluments	**114**	128	**114**	128
Directors of subsidiaries				
- other emoluments	**369**	265	-	-
Finance cost				
- overdrafts	**170**	723	**166**	699
- revolving credits	**2,057**	1,414	**2,057**	1,413
- other loans	**31**	-	-	-

5. (Loss)/Profit Before Taxation (cont'd)

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
		Restated		
(Loss)/Profit before taxation is stated after charging (cont'd):-				
Net exchange loss				
- unrealised	**4,853**	-	**549**	-
Impairment loss on investments (available-for-sale)	**1,875**	-	**766**	-
Rental of office premises	**1,784**	1,849	**161**	148
Rental of office equipment	**136**	136	**12**	12
Staff costs				
- salaries, wages and other costs	**14,467**	14,295	**295**	345
- defined contribution plans	**1,379**	1,247	**41**	46
Write down of inventories to net realisable value	**3,432**	1,255	-	-
and after crediting:-				
Gain on disposal of investments	**5,998**	826	**5,839**	-
Gain on disposal of property, plant and equipment	**69**	39	-	-
Gross dividends from investments				
- quoted in Malaysia	**81**	35	-	-
- quoted overseas	**791**	298	-	-
- unquoted	**300**	75	**300**	75
Interest income				
- subsidiaries	-	-	**1,360**	1,028
- others	**1,190**	1,659	**769**	990
Net exchange gain				
- unrealised	-	3,282	-	479
- realised	**734**	288	-	-
Rental income	**1,041**	1,085	-	-
Reversal of impairment of property, plant and equipment	**4,244**	223	-	-
Reversal of impairment of receivables				
- non-related companies	**17**	5	-	-
Unrealised fair value gain on investments classified as fair value through profit and loss	**19**	-	-	-

6. Taxation

	Group		Company	
	2010	*2009*	**2010**	*2009*
	RM'000	*RM'000*	**RM'000**	*RM'000*
Tax charge for the financial year				
- Malaysian	**323**	731	-	-
Deferred taxation	**147**	(12)	-	-
	470	719	-	-
(Over)/Under provision in prior years				
- Taxation	-	(398)	-	(598)
- Deferred taxation	-	359	-	-
	470	680	-	(598)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Consequently deferred tax assets and liabilities are measured using these tax rates.

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

	Group		Company	
	2010	*2009*	**2010**	*2009*
	RM'000	*RM'000*	**RM'000**	*RM'000*
(Loss)/Profit before taxation	**(3,911)**	(98)	**3,414**	(617)
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	**(978)**	(25)	**854**	(154)
Effect of different tax rates in other countries	**5**	(431)	-	-
Income not subject to tax				
- gain on disposal of investment	**(1,499)**	(178)	**(1,460)**	-
- others	**(1,330)**	(576)	**(77)**	-
Tax exempt income	**(84)**	(100)	**(75)**	(19)
Non-deductible expenses	**2,868**	1,411	**770**	190
Utilisation of current year reinvestment allowances	-	(88)	-	-
Double deductible expenses	-	(439)	-	-
Deferred tax assets not recognised	**1,493**	1,145	**(12)**	(17)
Other items	**(5)**	-	-	-
	470	719	-	-
Over provision in prior years	-	(39)	-	(598)
Tax expense/(over provision) for the financial year	**470**	680	-	(598)

7. Loss Per Share (Basic)

The calculation of basic loss per ordinary share for the financial year was based on the loss attributable to equity holders and the weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2010	*2009*
	RM'000	*RM'000*
Loss for the year attributable to equity holders	**(4,469)**	(1,186)
Weighted average number of ordinary shares is computed as follows :-		
Number of Ordinary Shares of 50 sen each		
Issued ordinary shares at beginning of the financial year, net of treasury shares	**708,597**	708,597
Weighted average number of shares in issue during the financial year	**708,597**	708,597
	Sen	*Sen*
Basic loss per ordinary shares	**(0.63)**	(0.17)

8. Property, Plant And Equipment

Group

2010	***Note***	***Freehold Land RM'000***	***Long term Leasehold Land RM'000***	***Short term Leasehold Land RM'000***	***Buildings RM'000***	***Plant and Machinery RM'000***	***Motor Vehicles RM'000***	***Furniture, Fittings and Equipment RM'000***	***Total 2010 RM'000***
Cost									
At 1 January		166	-	-	33,217	31,963	4,452	13,655	83,453
Effects of adopting FRS117	28.2	-	19,353	725	-	-	-	-	20,078
As restated		166	19,353	725	33,217	31,963	4,452	13,655	103,531
Exchange differences		(1)	34	2	(503)	49	(15)	(13)	(447)
		165	19,387	727	32,714	32,012	4,437	13,642	103,084
Additions		-	-	-	14	1,949	660	556	3,179
Disposals		-	-	-	-	-	(568)	-	(568)
At 31 December		165	19,387	727	32,728	33,961	4,529	14,198	105,695
Accumulated Depreciation And Impairment									
At 1 January									
Accumulated Depreciation		-	-	-	7,751	27,880	4,066	10,869	50,566
Accumulated Impairment		-	-	-	7,625	-	-	-	7,625
As previously reported		-	-	-	15,376	27,880	4,066	10,869	58,191
Effects of adopting FRS117	28.2	-	622	247	-	-	-	-	869
As restated		-	622	247	15,376	27,880	4,066	10,869	59,060
Exchange differences		-	(10)	-	(281)	45	(12)	(10)	(268)
		-	612	247	15,095	27,925	4,054	10,859	58,792
Depreciation charge for the year		-	306	14	501	1,164	269	852	3,106
Reversal of impairment for the year	(a)	-	-	-	(4,244)	-	-	-	(4,244)
Disposals		-	-	-	-	-	(568)	-	(568)
At 31 December		-	918	261	11,352	29,089	3,755	11,711	57,086
Analysed as follows:-									
Accumulated depreciation		-	918	261	8,170	29,089	3,755	11,711	53,904
Accumulated impairment		-	-	-	3,182	-	-	-	3,182
Net Carrying Amount									
At 31 December 2010		165	18,469	466	21,376	4,872	774	2,487	48,609
			(c)	(c)			(b)		

(a) Impairment loss and subsequent reversal
In 2006, a building owned by a subsidiary was tested for impairment and an impairment loss of RM9,007,000 was recognised based on a valuation report prepared by an independent valuer. In 2010, RM4,244,000 (2009: RM223,000) of the impairment loss was reversed based on updated valuation report prepared by the independent valuer.

(b) Leased motor vehicles
At 31 December 2010, the net carrying amount of leased motor vehicles was RM543,000 (2009: Nil).

8. Property, Plant And Equipment (cont'd)

Group *2009*	*Note*	*Freehold Land RM'000*	*Long term Leasehold Land RM'000*	*Short term Leasehold Land RM'000*	*Buildings RM'000*	*Plant and Machinery RM'000*	*Motor Vehicles RM'000*	*Fittings and Equipment RM'000*	*Total 2009 RM'000*
Cost									
At 1 January		164	-	-	32,939	31,210	4,518	12,379	81,210
Effects of adopting FRS117	28.2	-	1,801	724	-	-	-	-	2,525
As restated		164	1,801	724	32,939	31,210	4,518	12,379	83,735
Exchange differences		2	5	1	278	6	11	5	308
		166	1,806	725	33,217	31,216	4,529	12,384	84,043
Reclassification		-	-	-	-	(5)	-	5	-
Additions		-	17,547	-	-	798	83	1,484	19,912
Disposals		-	-	-	-	(46)	(160)	(218)	(424)
At 31 December		166	19,353	725	33,217	31,963	4,452	13,655	103,531
Accumulated Depreciation And Impairment									
At 1 January									
Accumulated Depreciation		-	-	-	7,200	26,905	4,010	10,590	48,705
Accumulated Impairment		-	-	-	7,764	-	-	-	7,764
As previously reported		-	-	-	14,964	26,905	4,010	10,590	56,469
Effects of adopting FRS117	28.2	-	478	231	-	-	-	-	709
As restated		-	478	231	14,964	26,905	4,010	10,590	57,178
Exchange differences		-	6	1	131	4	13	11	166
		-	484	232	15,095	26,909	4,023	10,601	57,344
Depreciation charge for the year		-	138	15	504	1,017	203	472	2,349
Reversal of impairment for the year		-	-	-	(223)	-	-	-	(223)
Disposals		-	-	-	-	(46)	(160)	(204)	(410)
At 31 December		-	622	247	15,376	27,880	4,066	10,869	59,060
Analysed as follows:-									
Accumulated depreciation		-	622	247	7,751	27,880	4,066	10,869	51,435
Accumulated impairment		-	-	-	7,625	-	-	-	7,625
Net Carrying Amount									
At 31 December 2009		166	18,731	478	17,841	4,083	386	2,786	44,471
			(c)	(c)					

(c) Leasehold land

Leasehold land at 1 January 2009 and 31 December 2009/1 January 2010 have been adjusted following the adoption of the amendments to FRS117, *Leases*, where leasehold land, in substance is a finance lease, has been reclassified from prepaid land lease payments to property, plant and equipment.

Company

2010	***Motor Vehicles RM'000***	***Furniture, Fittings and Equipment RM'000***	***Total 2010 RM'000***
Cost			
At 1 January	**750**	**451**	**1,201**
At 31 December	**750**	**451**	**1,201**
Accumulated Depreciation			
At 1 January	**678**	**402**	**1,080**
Charge for the year	**26**	**16**	**42**
At 31 December	**704**	**418**	**1,122**
Net Carrying Amount			
At 31 December 2010	**46**	**33**	**79**

2009	***Motor Vehicles RM'000***	***Furniture, Fittings and Equipment RM'000***	***Total 2009 RM'000***
Cost			
At 1 January	750	448	1,198
Additions	-	3	3
At 31 December	750	451	1,201
Accumulated Depreciation			
At 1 January	651	386	1,037
Charge for the year	27	16	43
At 31 December	678	402	1,080
Net Carrying Amount			
At 31 December 2009	72	49	121

9. Investment Property

	Group	
	2010	*2009*
	RM'000	*RM'000*
Cost		
At 1 January	**1,611**	1,593
Effect of movements in exchange rates	**(33)**	18
At 31 December	**1,578**	1,611
Accumulated Depreciation		
At 1 January	**392**	344
Effect of movements in exchange rates	**(8)**	4
Charge for the year	**31**	44
At 31 December	**415**	392
Net Carrying Amount	**1,163**	1,219

	Group	
	2010	*2009*
	RM'000	*RM'000*
The following are recognised in profit or loss in respect of investment property:		
Rental income	**54**	92
Direct operating expenses of income generating investment property	**31**	33

The investment property comprises a warehouse leased to a third party. The property, with an estimated remaining life of 36 years, has been valued at RM2.5 million (2009: RM2.4 million) based on an independent professional valuation, arrived at on the direct comparison method as at 31 December 2010.

10. Subsidiaries

	Company 2010 RM'000	Company 2009 RM'000
Investments in subsidiaries		
Unquoted shares, at cost	**119,511**	119,511
Less : Impairment	**(38,620)**	(4,782)
	80,891	114,729
Amounts owing by subsidiaries	**840,887**	884,680
Less : Impairment loss	**(635,932)**	(635,932)
	204,955	248,748
Less: Non-current	**-**	(92,958)
	204,955	155,790
Amounts owing to subsidiaries	**(52,942)**	(97,756)

(a) Amounts owing by/to subsidiaries represent mainly balances arising from advances, interest charged and payments made on behalf.

Amounts owing by subsidiaries are unsecured, have no fixed terms of repayment and are interest-free except for amounts owing of RM571,900,000 (2009: RM570,513,000) which bear interest ranging from 0.1% to 4.5% (2009: 0.1% to 4.5%) per annum. The currency exposure profile of amounts owing by subsidiaries includes an amount of RM46,015,000 (2009: RM92,958,000) which is denominated in Singapore Dollar.

Amounts owing to subsidiaries are unsecured, interest-free and repayable on demand. The currency exposure profile of amounts owing to subsidiaries includes an amount of RM Nil (2009: RM48,733,000) which is denominated in Singapore Dollar.

(b) Details of the subsidiaries are disclosed in Note 30.

(c) An impairment loss of RM33,838,000 (2009: Nil) was made to investments in subsidiaries as the net tangible assets of one of the subsidiaries was lower than the carrying amount of the investment. The decrease of the net tangible assets of the subsidiary, namely Taraf Sanjung Sdn Bhd was due to the impairment loss made on its unquoted equity instrument held, as a result of the adoption of FRS 139.

11. Investments

Group		----- *Shares* -----				*Debt Securities*	*Debentures*	*Warrants and*
	Total	***Unquoted in Overseas***	***Unquoted in Malaysia***	***Quoted in Overseas***	***Quoted in Malaysia***	***Quoted in Malaysia***	***Unquoted in Malaysia***	***convertible loan stocks***
2010	***RM'000***	***RM'000***	***RM'000***	***RM'000***	***RM'000***	***RM'000***	***RM'000***	***RM'000***
Non-current								
Available-for-sale financial assets	**164,327**	**101,945**	**450**	**29,715**	**26,935**	**5,282**	**-**	**-**
Loans and receivables	**1,189**	**-**	**-**	**-**	**-**	**-**	**1,189**	**-**
	165,516	**101,945**	**450**	**29,715**	**26,935**	**5,282**	**1,189**	**-**
Less: Impairment	**(39,478)**	**(34,626)**	**(450)**	**-**	**(4,402)**	**-**	**-**	**-**
	126,038	**67,319**	**-**	**29,715**	**22,533**	**5,282**	**1,189**	**-**
Current								
Fair value through profit or loss	**115**	**-**	**-**	**-**	**-**	**-**	**-**	**115**
	126,153	**67,319**	**-**	**29,715**	**22,533**	**5,282**	**1,189**	**115**
Representing items:								
At cost/amortised cost, less impairment	**68,508**	**67,319**	**-**	**-**	**-**	**-**	**1,189**	**-**
At fair value	**57,645**	**-**	**-**	**29,715**	**22,533**	**5,282**	**-**	**115**
	126,153	**67,319**	**-**	**29,715**	**22,533**	**5,282**	**1,189**	**115**
Market value of quoted investments	**57,645**	**-**	**-**	**29,715**	**22,533**	**5,282**	**-**	**115**

2009	***RM'000***
Non-current	
Quoted shares and other investments, at cost	
In Malaysia	169,827
Overseas	16,055
	185,882
Unquoted investments, at cost	103,784
	289,666
Less : Allowance for diminution in value:	
-Quoted investments	(145,524)
-Unquoted investments	(7,399)
	136,743
Market value of quoted shares and other investments	
In Malaysia	25,752
Overseas	30,442
	56,194

Company ***2010***	***Total*** ***RM'000***	***Shares Unquoted in Malaysia*** ***RM'000***	***Debt securities Quoted in Malaysia*** ***RM'000***
Non-current			
Available-for-sale financial assets	**4,310**	**450**	**3,860**
Less: Impairment	**(450)**	**(450)**	**-**
	3,860	**-**	**3,860**
Representing items:			
At cost, less impairment	-	-	-
At fair value	**3,860**	**-**	**3,860**
	3,860	**-**	**3,860**
Market value of quoted investments	**3,860**	**-**	**3,860**

2009	***RM'000***
Non-current	
Quoted shares and other investments, at cost	
In Malaysia	1,980
Unquoted investments, at cost	650
	2,630
Less : Allowance for diminution in value	
Unquoted investments	(450)
	2,180
Market value of quoted shares and other investments	
In Malaysia	4,128

Included in the quoted shares and other investments are instruments of the holding company held by the Group of RM5,282,000 (2009: RM2,372,000) and held by the Company of RM3,860,000 (2009: RM1,980,000). Shares in related companies held by the Group amounted to RM5,904,000 (2009: RM9,872,000).

Included in unquoted investments is an amount of RM67,319,000 (2009: RM96,184,000) in respect of redeemable preference shares, the redemption of which is at the discretion of the investee company. The redemption shall be at a price equal to the original subscription price paid plus all dividends accrued but not paid as of the redemption date. Subsequent to the reporting date, the terms of the preference shares have been revised by the investee company where the redemption of the shares shall be upon application by the holder(s) thereof and at a price equal to the original subscription price paid plus an amount equal to the share of the investee company's surplus assets at the time of redemption on a pari passu basis with other classes of stock based on the price paid for these stocks respectively.

Due to adoption of FRS 139, an impairment loss of RM28,865,000 was adjusted to the opening retained profits. The comparative figures as at 31 December 2009 have not been presented based on the new categorisation of financial assets resulting from the adoption of FRS 7.44AA.

12. Goodwill and Trademarks

(a) Goodwill on consolidation

	Group	
	2010	*2009*
	RM'000	*RM'000*
At cost	**63,557**	63,557
Less : Impairment of goodwill	**(5,351)**	(5,351)
At 31 December	**58,206**	58,206

Goodwill on consolidation arose mainly from acquisition of subsidiary companies which are involved in the food confectionery business.

(b) Trademarks

	Group	
	2010	*2009*
	RM'000	*RM'000*
At cost	**4,984**	4,984

Trademarks represent the value paid for the rights to utilise certain brand names for the manufacture, sales or distribution of chocolate and food products.

(c) Impairment testing for cash-generating units containing goodwill and trademarks.

For the purpose of impairment testing, goodwill or trademarks are allocated to the Group's cash-generating units ("CGU") which represent the lowest level within the Group at which the goodwill or trademarks are monitored for internal management purposes.

Value in use of the CGU was determined by discounting the future cash flows expected to be generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on expected future cash flows for a period of up to 20 years and the assumption that cash flow remains constant from the 5th year with a projected terminal value at the end of year 20.

- A discount rate of 8% per annum was used to calculate the present value of the cash flows.

The above key assumptions are based on management's assessment of future trends in the food and confectionery industry and are particularly sensitive in either an increase in the discount rate used or a reduction in the projected revenue and cash flows. However, based on present assessment by management:

- An increase of 1 percentage point in the discount rate used would result in an impairment loss of RM11 million.

- A 10 percent decrease in future projected revenue and cash flows would result in an impairment loss of RM 14 million.

13. Deferred Tax

	Group			
	2010		2009	
	Assets	**Liabilities**	Assets	Liabilities
	RM'000	**RM'000**	RM'000	RM'000
Property, plant and equipment	**-**	**(1,439)**	-	(764)
Tax losses	**349**	**-**	477	-
Other temporary differences	**-**	**244**	-	(268)
	349	**(1,195)**	477	(1,032)
Set-off of tax	**(349)**	**349**	(395)	251
	-	**(846)**	82	(781)

Deferred tax assets have not been recognised in repect of the following :-

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Unabsorbed capital allowances	**145**	158	**1**	13
Unutilised tax losses	**13,618**	12,588	**1,012**	1,012
Deductible temporary differences	**287**	15	**-**	-
	14,050	12,761	**1,013**	1,025

The unabsorbed capital allowances, unutilised tax losses and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit or the relevant business source income will be available against which the Group and the Company can utilise the benefits.

14. Inventories

	Group	
	2010	2009
	RM'000	RM'000
Raw materials	**5,346**	5,318
Work-in-progress	**1,496**	1,738
Finished goods	**9,056**	14,118
Sundry stores and consumables	**1,595**	1,403
	17,493	22,577

15. Trade and Other Receivables

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**12,477**	15,911	-	-
Less : Impairment loss	**(1,140)**	(1,791)	-	-
	11,337	14,120	-	-
Others	**3,012**	4,130	**146**	133
	14,349	18,250	**146**	133

(a) Credit terms of trade receivables range from 30 to 120 days (2009: 30 to 120 days).

(b) Included in other receivables of the Group is an amount owing by related companies totalling RM44,000 (2009: RM87,000). This amount is in respect of miscellaneous recoverables and payments made on behalf.

16. Cash and Cash Equivalents

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Deposits with licensed banks	**80,089**	96,900	**31,000**	31,000
Cash and bank balances	**8,985**	5,787	**32**	21
	89,074	102,687	**31,032**	31,021

Deposits of the Company and the Group have average maturities of 30 days (2009: 30 days). Bank balances are deposits held at call with banks.

17. Share Capital

	Group/Company			
	Number of Ordinary Shares of 50 sen each		Amount	
	2010	2009	**2010**	2009
	'000	'000	**RM'000**	RM'000
Authorised	**2,000,000**	2,000,000	**1,000,000**	1,000,000
Issued and fully paid:-				
At 1 January / At 31 December	**773,357**	773,357	**386,678**	386,678

The shareholders of the Company, had in general meetings held in previous years, approved and renewed the Company's plan to repurchase its own ordinary shares. The shares repurchased are retained as treasury shares.

As at 31 December 2010, the number of treasury shares held is 64,759,800 (2009: 64,759,800) ordinary shares. These shares are held in accordance with Section 67A of the Companies Act, 1965 and are stated at cost. There were no share buy-backs, share cancellation and resale of treasury shares by the Company for the financial year ended 31 December 2010.

18. Reserves

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Non-distributable				
Share premium	**472,258**	472,258	**472,258**	472,258
Exchange translation reserve	**29,635**	30,630	-	-
Other reserve	**56,558**	56,558	-	-
Capital redemption reserve	**33,327**	33,327	**33,327**	33,327
Fair value reserves	**18,918**	-	**498**	-
	610,696	592,773	**506,083**	505,585
Accumulated losses	**(657,506)**	(628,561)	**(632,042)**	(603,767)
	(46,810)	(35,788)	**(125,959)**	(98,182)

Exchange translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

Other reserve
The non-distributable other reserve of the Group is in respect of profit from sale of investments.

Capital redemption reserve
The capital redemption reserve is in respect of the treasury shares cancelled on 20 June 2005. An amount equivalent to the nominal value of the shares cancelled was transferred to capital redemption reserve.

Fair value reserve
The fair value reserve relates to the fair valuation of financial assets categorised as available-for-sale.

19. Minority Interests

This consists of the minority shareholder's proportion of share capital and reserves of a subsidiary, net of the share of goodwill on consolidation in the subsidiary.

20. Loans and borrowings

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Non current				
Finance lease liabilities	**450**	-	-	-
Current				
Bank overdrafts - unsecured	**165**	1,238	**165**	1,238
Bank revolving credits - unsecured	**37,200**	39,500	**37,200**	39,500
Finance lease liabilities	**93**	-	-	-
	37,458	40,738	**37,365**	40,738

20. Loans and borrowings (Cont'd)

Finance lease liabilities

	Group	
	2010	*2009*
	RM'000	*RM'000*
Amount outstanding	**543**	-
Less: Amounts payable within 12 months included under loans and borrowings	**(93)**	-
	450	-
Minimum hire purchase and finance lease payments:-		
- within 1 year	**115**	-
- between 1 year and 5 years	**552**	-
	667	-
Future finance charges	**(124)**	-
Present value of hire purchase and finance lease liabilities	**543**	-
Payable within 1 year	**93**	-
Payable between 1 year and 5 years	**450**	-
	543	-

Bank Borrowings

The bank overdrafts and bank revolving credits bear interests at between 0.5% to 1.75% (2009: 0.5% to 2.5%) per annum above the base lending rates/cost of fund of the lending institutions.

21. Trade And Other Payables

	Group		Company	
	2010	*2009*	***2010***	*2009*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Trade payables	**4,110**	7,954	-	-
Other payables	**3,741**	3,881	-	-
Accrued administrative and other expenses	**2,718**	5,228	**403**	408
	10,569	17,063	**403**	408

Credit terms of trade payables granted by the Group vary from 30 to 90 days (2009: 30 to 90 days).

22. Segment Information - Group

(a) Operating Segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The following summary describes the operations in each of the Group's reportable segments:

Food and confectionery : Manufacturing, marketing and distribution of confectionery and cocoa-based and other food products.

Investment holding : Holding of investments and related activities.

Performance is measured based on segment profit before tax, interest and depreciation as included in the internal management reports that are reviewed by the Group's Executive Director, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets
Segment assets consist primarily of property, plant and equipment, intangible assets, investments, inventories, receivables and operating cash.

Segment liabilities
Segment liabilities comprise operating liabilities and bank borrowings.

	Food and Confectionery		***Investment Holding***		***Total***	
	2010 RM'000	*2009 RM'000*	***2010 RM'000***	*2009 RM'000*	***2010 RM'000***	*2009 RM'000*
Segment (loss)/profit	**(1,198)**	463	**(455)**	1,576	**(1,653)**	2,039
Included in the measure of segment (loss)/profit are:						
Revenue from external customers	**76,443**	71,302	**2,128**	1,622	**78,571**	72,924
Gain on disposal of investments	-	-	**5,998**	826	**5,998**	826
Impairment loss on investments	-	-	**(1,875)**	-	**(1,875)**	-
Interest income	**882**	1,150	**308**	509	**1,190**	1,659
Reversal of impairment of property, plant and equipment	**4,244**	223	-	-	**4,244**	223
Unrealised exchange (loss)/gain	-	-	**(4,853)**	3,282	**(4,853)**	3,282
Write down of inventories to net realisable value	**(3,432)**	(1,255)	-	-	**(3,432)**	(1,255)

22. Segment Information - Group (Cont'd)

(a) Operating Segments (Cont'd)

	Food and Confectionery		*Investment Holding*		*Total*	
	2010 RM'000	*2009 RM'000*	***2010 RM'000***	*2009 RM'000*	***2010 RM'000***	*2009 RM'000*
Not included in the measure of segment (loss)/profit but provided to						
Group's Executive Director						
Finance cost	**(2,223)**	(2,112)	**(35)**	(25)	**(2,258)**	(2,137)
Depreciation	**(2,985)**	(2,238)	**(152)**	(155)	**(3,137)**	(2,393)
Taxation	**(461)**	(1,249)	**(9)**	569	**(470)**	(680)
Segment assets	**167,431**	180,501	**192,600**	208,636	**360,031**	389,137
Included in the measure of segment assets are:						
Additions to non-current assets other than financial instruments and deferred tax assets	**3,175**	19,865	**4**	47	**3,179**	19,912
Segment liabilities	**10,465**	16,335	**647**	728	**11,112**	17,063

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2010 RM'000	*2009 RM'000*
Segment assets		
Total assets for reported segments	**360,031**	389,137
Unallocated assets		
-Tax recoverable	**903**	819
-Deferred tax assets	-	82
Total consolidated assets	**360,934**	390,038
Segment liabilities		
Total liabilities for reported segments	**11,112**	17,063
Unallocated liabilities		
-Loans and borrowings (excluding finance lease liabilities)	**37,365**	40,738
-Deferred tax liabilities	**846**	781
Total consolidated liabilities	**49,323**	58,582

(b) Geographical segments

In presenting information on the basis of the geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include investments and deferred tax assets.

Geographical information 2010	***Revenue RM'000***	***Non-current assets RM'000***
Malaysia	**64,620**	**82,046**
Asia-Pacific	**13,951**	**30,916**
	78,571	**112,962**

Geographical information 2009	***Revenue RM'000***	***Non-current assets RM'000***
Malaysia	58,143	81,560
Asia-Pacific	14,781	27,320
	72,924	108,880

23. Commitments

	Group	
	2010 RM'000	*2009 RM'000*
Capital Commitments		
Property, plant and equipment		
- Contracted but not provided for in the financial statements	-	371
- Development and expansion of factory property	**31**	31

24. Significant Related Party Transactions

(i) Related Parties and Relationship

The Company is a subsidiary of Malayan United Industries Berhad ("MUI"). Related party transactions of the Group include transactions between the Group with other subsidiaries within the MUI Group of companies. These other subsidiaries are referred to as related companies.

Controlling related party relationships are as follows:-

(i) The ultimate holding company, MUI, as disclosed above.

(ii) Tan Sri Dato' Khoo Kay Peng, by virtue of his deemed interest in the ultimate holding company, is a deemed substantial shareholder of the Company.

24. Significant Related Party Transactions (Cont'd)

(ii) Significant Related Party Transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

Group	***2010*** ***RM'000***	*2009* *RM'000*
Related Companies:-		
Share registration fees income	**60**	64
Sale of goods	**19**	12
Office rental and related expenses	**227**	214
Office equipment rental expenses	**136**	136
Security services expenses	**18**	18
Asset management services expenses	**32**	22
Other expenses	**139**	14
Company		
Subsidiaries:-		
Interest income	**1,360**	1,028
Advances to subsidiaries	**1,794**	16,497
Advances from subsidiaries	**-**	458

The related party transactions described above were carried out on terms and conditions in the normal course of business and the terms were mutually agreed between the respective parties.

Significant balances with related parties at the reporting date are disclosed in Note 10 and Note 15 to the financial statements.

(iii) Key management personnel compensation

The key management personnel compensation are as follows:

	Group		***Company***	
	2010 ***RM'000***	*2009* *RM'000*	***2010*** ***RM'000***	*2009* *RM'000*
Short term employee benefits	**911**	954	**542**	419
Contribution to defined contribution plan	**36**	86	**36**	45
	947	1,040	**578**	464

25. Financial Instruments

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

(i) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables (L&R);
(b) Available-for-sale financial assets (AFS);
(c) Fair value through profit or loss (FVTPL); and
(d) Other liabilities (OL).

2010	*Carrying amount RM'000*	*L&R/OL RM'000*	*AFS RM'000*	*FVTPL RM'000*
Financial assets				
Group				
Investments	**126,153**	**1,189**	**124,849**	**115**
Trade and other receivables	**14,349**	**14,349**	**-**	**-**
Cash and cash equivalents	**89,074**	**89,074**	**-**	**-**
	229,576	**104,612**	**124,849**	**115**
Company				
Investments	**3,860**	**-**	**3,860**	**-**
Trade and other receivables	**146**	**146**	**-**	**-**
Amount owing by subsidiaries	**204,955**	**204,955**	**-**	**-**
Cash and cash equivalents	**31,032**	**31,032**	**-**	**-**
	239,993	**236,133**	**3,860**	**-**
Financial liabilities				
Group				
Loans and borrowings	**37,908**	**37,908**	**-**	**-**
Trade and other payables	**10,569**	**10,569**	**-**	**-**
	48,477	**48,477**	**-**	**-**
Company				
Trade and other payables	**403**	**403**	**-**	**-**
Loans and borrowings	**37,365**	**37,365**	**-**	**-**
Amount owing to subsidiaries	**52,942**	**52,942**	**-**	**-**
	90,710	**90,710**	**-**	**-**

25. Financial Instruments (Cont'd)

(ii) Net gains and losses arising from financial instruments

Net gains/(losses) arising on:	*Group 2010 RM'000*	*Company 2010 RM'000*
Available-for-sale financial assets		
- recognised in other comprehensive income	**2,840**	**498**
- impairment loss recognised in profit or loss	**(1,875)**	**(766)**
-gross dividends	**1,172**	**300**
-gain on disposal of investment	**5,998**	**5,839**
Fair value through profit or loss		
- held for trading	**19**	**-**
Loans and receivable		
-interest expense	**(2,258)**	**(2,223)**
-interest income	**1,190**	**2,129**
Net exchange realised gain	**734**	**-**
	7,820	**5,777**

(iii) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(iv) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment securities. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally, credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for receivables as at the end of the reporting period by geographic region was:

	Group ***2010*** ***RM'000***
Malaysia	**8,318**
Asia Pacific	**3,019**
	11,337

Impairment losses

The ageing of receivables as at the end of the reporting period was:

Group	***Note***	***2010*** ***Gross*** ***RM'000***
Not past due		**3,126**
Past due 30-60 days		**5,425**
Past due 61-120 days		**1,985**
Past due more than 121 days		**1,941**
		12,477
Less: Impairment loss		**(1,140)**
	15	**11,337**

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.

25. Financial Instruments (Cont'd)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has invested in both domestic and overseas securities as disclosed in Note 11. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations .The Group does not have overdue investments that have not been impaired.

The investments and other financial assets are unsecured.

Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances are only provided to subsidiaries which are wholly-owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries as these advances have no fixed terms of repayment.

(v) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2010 Group	***Carrying amount RM'000***	***Contractual interest rate %***	***Within 1 year RM'000***	***1-5 years RM'000***
Financial liabilities				
Unsecured bank facilities	**37,200**	**4%**	**38,688**	**-**
Bank overdrafts	**165**	**7%**	**177**	**-**
Finance lease liabilities	**543**	**4%**	**114**	**553**
Trade and other payables	**10,569**	**-**	**10,569**	**-**
	48,477		**49,548**	**553**

Company	***Carrying amount RM'000***	***Contractual interest rate %***	***Within 1 year RM'000***	***1-5 years RM'000***
Financial liabilities				
Unsecured bank facilities	**37,200**	**4%**	**38,688**	**-**
Bank overdrafts	**165**	**7%**	**177**	**-**
Trade and other payables	**403**	**-**	**403**	**-**
Amount owing to subsidiaries	**52,942**	**-**	**52,942**	**-**
	90,710		**92,210**	**-**

(vi) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

(vii) Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Great Britain Pound (GBP), U.S. Dollar (USD), Singapore Dollar (SGD) and Hong Kong Dollar (HKD).

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period.

25. Financial Instruments (Cont'd)

Group

		2010 Denominated in		
	GBP RM'000	***USD RM'000***	***SGD RM'000***	***HKD RM'000***
Investments	-	-	122	29,593
Trade and other receivables	-	-	1,013	2,403
Trade and other payables	-	(205)	(829)	(705)
Cash and cash equivalent	31,090	-	9,209	5,687
Net exposure	31,090	(205)	9,515	36,978

Currency risk sensitivity analysis

A 10% strengthening of Ringgit Malaysia, the functional currency, against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Group	***2010 Equity RM'000***	***2010 Profit or loss RM'000***
British Pound	-	(3,109)
US Dollars	-	20
Singapore Dollar	(12)	(939)
Hong Kong Dollar	(2,959)	(738)

A 10% weakening of Ringgit Malaysia, the functional currency, against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(viii) Interest rate risk

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2010	
Floating rate instruments	***Group*** ***RM'000***	***Company*** ***RM'000***
Financial assets	**89,074**	**31,032**
Financial liabilities	**(37,908)**	**(37,365)**
	51,166	**(6,333)**

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

Fixed rate financial assets that are measured at fair value are not material. Therefore, a change in interest rates at the end of the reporting period would not have a material impact.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

2010	***Equity***		***Profit or loss***	
Group	***100bp increase RM'000***	***100bp decrease RM'000***	***100bp increase RM'000***	***100bp decrease RM'000***
Floating rate instruments	-	-	**513**	**(513)**
Cash flow sensitiviy (net)	-	-	**513**	**(513)**

	Equity		***Profit or loss***	
Company	***100bp increase RM'000***	***100bp decrease RM'000***	***100bp increase RM'000***	***100bp decrease RM'000***
Floating rate instruments	-	-	**(63)**	**63**
Cash flow sensitiviy (net)	-	-	**(63)**	**63**

25. Financial Instruments (Cont'd)

(ix) Equity price risk

Equity price risk arises from Group's investments in equity securities

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and any buy and sell decisions are approved by the management of the Group.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remain constant and the Group's quoted equity investments moved in correlation with FTSE Bursa Malaysia KLCI (FBMKLCI) and other overseas equity markets.

A 10 percent strengthening in the equity market price at the reporting period would have increased equity by RM5,225,000. A 10 percent weakening in the equity market price would have had equal but opposite effect on equity.

(x) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2010	
	Carrying amount	***Fair value***
Group	***RM'000***	***RM'000***
Quoted shares, debt securities, warrants and convertible loan stocks	**57,645**	**57,645**
Debentures-unquoted	**1,189**	**933**
Loans and borrowings - Finance lease liabilities	**543**	**543**
Company		
Debt securities quoted in Malaysia	**3,860**	**3,860**

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

Investments in quoted equity and debt securities

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

Financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance lease liabilities, the market rate of interest is determined by reference to similar lease agreements.

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2010	*2009*
Debentures-unquoted	**5.50%**	5.50%
Loans and borrowings - finance lease liabilities	**4%**	-

26. Capital Management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

There were no changes in the Group's approach to capital management during the financial year.

At the end of the financial year, the Group managed to maintain debt level lower than the total of available cash and cash equivalents and equity.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

27. Significant changes in accounting policies

Group	*2010* *Fair value reserves RM'000*	*Accumulated losses RM'000*
At 1 January, as previously stated	-	**(628,561)**
Adjustments arising from adoption of FRS 139:		
- Fair valuation of investments classified as fair-value-through-profit and loss (FVTPL)	-	**3,331**
- Fair valuation of investments classified as available-for-sale (AFS)	**16,078**	**-**
- Writeback of impairment of debentures (loan and receivables)	**-**	**1,189**
- Impairment of quoted equity securities classified as available-for-sale	**-**	**(3,365)**
- Impairment of unquoted equity classifed as available-for-sale	**-**	**(28,865)**
	16,078	**(27,710)**
At 1 January, as restated	**16,078**	**(656,271)**

Company		
At 1 January, as previously stated	-	**(603,767)**
Adjustments arising from adoption of FRS 139:		
- Fair valuation of investments classified as fair-value-through-profit and loss (FVTPL)	-	**2,149**
- Impairment of unquoted equity classifed as available-for-sale	-	**(33,838)**
	-	**(31,689)**
	-	**(635,456)**

27.1 FRS 139, *Financial Instruments: Recognition and Measurement*

The adoption of FRS 139 has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows:

Investments in equity securities

Prior to the adoption of FRS 139, investments in non-current equity securities, other than investments in subsidiaries and associates were measured at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries and associates are now categorised and measured at available-for-sale or as fair value through profit or loss as detailed in Note 1.2(g)(ii).

Investments in debt securities

Prior to the adoption of FRS 139, investments in non-current debt securities were measured at amortised cost using the effective interest method less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, investments in non-current debt securities are now categorised and measured at available-for-sale or at amortised cost or as fair value through profit or loss as detailed in Note 1.2(g)(ii).

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance to the transitional provisions of FRS 139 for first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted.

Consequently, the adoption of FRS 139 does not affect the basic and diluted loss per ordinary share for prior periods. It is not practicable to estimate the impact arising from the adoption of FRS 139 to the current year's basic and loss per share.

27.2 FRS 8, *Operating Segments*

As of 1 January 2010, the Group determines and presents operating segments based on the information that internally is provided to the Group's Executive Director, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 8. Previously operating segments were determined and presented in accordance with FRS 114_{2004}, Segment Reporting.

Comparative segment information has been re-presented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on loss per share.

27.3 FRS 101 *(revised), Presentation of Financial Statements*

The Group applies FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on loss per share.

27.4 FRS 117, *Leases*

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic and diluted loss per ordinary share for the current and prior periods.

28. Comparative figures

28.1 FRS 101, *Presentation of Financial Statements (revised)*

Arising from the adoption of FRS 101 (revised), an additional statements of comprehensive income have been presented. All non-owner changes in equity that were presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity.

28. Comparative figures (Cont'd)

28.1 FRS 101, *Presentation of Financial Statements (revised)* (Cont'd)

A statement of financial position at the beginning of the earlier comparative period, ie. 1 January 2009 has been included following the changes in the comparative figures for 31 December 2009 to conform with current year's presentation.

28.2 FRS 117, *Leases*

Following the adoption of the amendment to FRS 117, certain comparatives have been re-presented as follows:

Group	*31.12.2009*		*1.1.2009*	
	As restated RM'000	*As previously stated RM'000*	*As restated RM'000*	*As previously stated RM'000*
Carrying amount				
Property, plant and equipment	44,471	25,262	26,557	24,741
Prepaid lease payments	-	19,209	-	1,816

29. Corporate Developments

The Company had unutilised cash proceeds of approximately RM31.0 million raised from the disposal of its cement-based associated companies in previous years. These proceeds were placed with financial institutions, in line with one of the conditions stipulated by Securities Commission ("SC"). The SC had vide its letter dated 15 December 2008 approved the Company's application to utilise the said funds for the following purposes:-

Approved Utilisations	*Balance as at 1.1.2010 RM'million*	*Amount utilised during the year RM'million*	*Balance as at 31.12.2010 RM'million*
To finance the development of the adjoining factory property acquired and existing properties for the expansion of Network Foods Industries Sdn Bhd's manufacturing operations and consolidation with the marketing and distribution operations of Network Foods (Malaysia) Sdn Bhd.	**31.0**	-	**31.0**
Total	**31.0**	-	**31.0**

30. Details of Subsidiaries

		Subsidiary	*Equity Interest* **2010** %	*2009* %	*Principal Activities*	*Country of Incorporation*
+	1.	Acmes Investment Limited	**100**	100	Investment holding	Hong Kong
	2.	Baiduri Pertama Sdn Bhd	**100**	100	Investment holding	Malaysia
	3.	Bidou Holdings Sdn Bhd	**100**	100	Investment holding	Malaysia
	4.	Clacton Holdings Sdn Bhd	**100**	100	Investment holding	Malaysia
	5.	Delight Consolidated Sdn Bhd	**100**	100	Investment holding	Malaysia
+	6.	GCIH Trademarks Limited	**100**	100	Licensing of trademarks	Hong Kong
	7.	Gelombang Sinar Sdn Bhd	**100**	100	Investment holding	Malaysia
	8.	Jaguh Padu Sdn Bhd	**100**	100	Investment holding	Malaysia
	9.	Jerico Sdn Bhd	**100**	100	Investment holding	Malaysia
	10.	Jomuda Sdn Bhd	**100**	100	Investment holding	Malaysia
	11.	Lembaran Megah Sdn Bhd	**100**	100	Investment holding	Malaysia
	12.	Megafort Sdn Bhd	**100**	100	Investment holding	Malaysia
	13.	Megawise Sdn Bhd	**100**	100	Investment holding	Malaysia
	14.	Mikonwadi Sdn Bhd	**100**	100	Investment holding	Malaysia
+	15.	Network Foods International Ltd	**100**	100	Investment holding	Singapore
	16.	Pan Malaysia Management Sdn Bhd	**100**	100	Management services	Malaysia
+	17.	Pan Malaysia-Singapore Holdings (Pte) Ltd	**100**	100	Investment holding	Singapore
	18.	Panorama Scope Sdn Bhd	**100**	100	Investment holding	Malaysia
	19.	Plumbline Sdn Bhd	**100**	100	Investment holding	Malaysia
	20.	PMCW Enterprises Sdn Bhd	**100**	100	Investment holding	Malaysia
	21.	PMCW Holdings Sdn Bhd	**100**	100	Investment holding	Malaysia
+	22.	PMRI Investments (Singapore) Pte Ltd	**100**	100	Investment holding	Singapore
	23.	Taraf Sanjung (M) Sdn Bhd	**100**	100	Investment holding	Malaysia
+	24.	Tudor Gold Limited	**100**	100	Dormant	United Kingdom
	25.	Tunas Juara Sdn Bhd	**100**	100	Investment holding	Malaysia
	26.	United Pace Sdn Bhd	**100**	100	Investment holding	Malaysia
	27.	Uniwell Nominees (Tempatan) Sdn Bhd	**100**	100	Inactive	Malaysia

Subsidiaries of Pan Malaysia Corporation Berhad which are not consolidated

		Subsidiary	*Equity Interest* **2010** %	*2009* %	*Country of Incorporation*
*	1.	Chalpillar (M) Sdn Bhd	**100**	100	Malaysia
*	2.	Cherubim Nominees (Tempatan) Sdn Bhd	**100**	100	Malaysia
*	3.	Faith Nominees (Tempatan) Sdn Bhd	**100**	100	Malaysia
*	4.	Megafine Nominees (Asing) Sdn Bhd	**100**	100	Malaysia
^	5.	Network Foods Limited	**92.92**	92.92	Australia
*	6.	Ultipac Sdn Bhd	**100**	100	Malaysia

30. Details of Subsidiaries (Cont'd)

Subsidiaries of Network Foods International Ltd

	Subsidiary	*Equity Interest* 2010 %	2009 %	*Principal Activities*	*Country of Incorporation*
∆	1. Danau Gelombang Sdn Bhd	**100**	100	Inactive	Malaysia
+	2. Network Foods Distribution Pte Ltd	**100**	100	Warehousing and distribution of chilled products, confectionery products and snack foods	Singapore
+	3. Network Foods (Hong Kong) Limited	**100**	100	Distribution of chocolates and other food and beverage products	Hong Kong
∆	4. Network Foods Industries Sdn Bhd	**96**	81.54	Manufacturing and trading of consumer chocolate products	Malaysia
∆	5. Network Foods (Malaysia) Sdn Bhd	**100**	100	Marketing and distribution of chocolates, confectionery and beverage products	Malaysia
+	6. Quintrinox Pte Ltd	**100**	100	Investment holding	Singapore
+	7. Specialist Food Retailers Pte Ltd	**100**	100	Inactive	Singapore
∆	8. Tiffany Enterprise Sdn Bhd	**100**	100	Dormant	Malaysia
+	9. Tiffany Hampers & Gifts Pte Ltd	**100**	100	Inactive	Singapore

* *Placed under members' / creditors' voluntary winding-up on 21 December 2007 and were dissolved on 7 April 2011 pursuant to Section 272(5) of the Companies Act, 1965.*

^ *Placed under members' voluntary winding-up on 25 June 2010 and was deregistered on 30 December 2010 pursuant to Section 509 of the Corporations Act 2001.*

\+ *Indicates subsidiaries not audited by KPMG, Malaysia.*

∆ *KPMG, Malaysia was appointed as auditors for the financial year ended 31 December 2010.*

31. Bursa Malaysia Realised and Unrealised Disclosures

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the accumulated losses of the Group and of the Company as at 31 December 2010, into realised and unrealised profits, pursuant to the directive, is as follows:

	2010	
	Group ***RM'000***	***Company*** ***RM'000***
Total accumulated losses of the Company and its subsidiaries:		
-realised	**(1,276,354)**	**(633,847)**
-unrealised	**(4,718)**	**1,805**
	(1,281,072)	**(632,042)**
Less: Consolidation adjustments	**623,566**	**-**
Total accumulated losses	**(657,506)**	**(632,042)**

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

PROPERTIES OWNED BY THE GROUP

As at 31 December 2010

Location, Description and Usage	*Approximate Area Sq. meter*	*Approximate Age of Building Years*	*Net Book Value RM'000*
MALAYSIA			
State of Selangor Darul Ehsan			
1 lot of leasehold industrial land with factory and office building at Persiaran Raja Muda, Shah Alam, Selangor Darul Ehsan (Lease expires in 2071) (Date of acquisition: September 1999)	10,800	40	5,408
1 lot of leasehold industrial land with factory and office building at lot 614, Tapak Perusahan Shah Alam, Persiaran Raja Muda, Shah Alam, Selangor Darul Ehsan (Lease expires in 2068) (Date of acquisition: July 2009)	24,295	43	17,185
State of Pulau Pinang			
1 lot of leasehold land with an office and warehouse at no. 101-G, Lintang Kampong Jawa, Lot 4, Kawasan MIEL, Bayan Baru, Pulau Pinang (Lease expires in 2040) (Date of acquisition: September 1999)	976	29	466
State of Johor Darul Takzim			
1 lot of freehold land with warehouse at no. 35, Jalan Mashyur 3, Taman Perindustrian Cemerlang, Ulu Tiram, Johor Darul Takzim. (Date of acquisition: September 1999)	446	17	309
HONG KONG			
1 unit of leasehold warehouse at Block 1, Unit C, 23rd Floor, Kingford Industrial Building, nos. 26-32 Kwai Hei Street, Kwai Chung, New Territories (Lease expires in 2047) (Date of acquisition : September 1999)	771	32	1,163
SINGAPORE			
1 lot of leasehold land with a warehouse and office at no.12, Woodlands Link, Singapore (Lease expires in 2055) (Date of acquisition : September 1999)	7,442	13	14,345
1 lot of leasehold apartment at no. 152, Prince Charles Crescent, Singapore (Lease expires in 2096) (Date of acquisition: July 1999)	194	10	2,763

ANALYSIS OF SHAREHOLDINGS

As at 27 April 2011

Class of Share : Ordinary share of 50 sen each
Voting Rights : 1 vote per ordinary share

Substantial Shareholders
as per Register of Substantial Shareholders

	Direct Interest		Deemed Interest	
Name	***No. of Shares***	***%#***	***No. of Shares***	***%#***
1. Malayan United Industries Berhad	195,056,000	27.53	233,488,500	32.95
2. Pan Malaysian Industries Berhad	–	–	428,544,500	60.48
3. Tan Sri Dato' Khoo Kay Peng	–	–	428,544,500	60.48
4. Tarrega Holdings Sdn Bhd	189,060,500	26.68	–	–
5. Permodalan Nasional Berhad	63,698,486	8.99	–	–
6. Yayasan Pelaburan Bumiputra	–	–	63,698,486	8.99
7. Oriental Omega Sdn Bhd	36,268,000	5.12	–	–
8. KKP Holdings Sdn Bhd	–	–	428,544,500	60.48
9. Soo Lay Holdings Sdn Bhd	–	–	428,544,500	60.48
10. Norcross Limited	–	–	428,544,500	60.48
11. Cherubim Investment (HK) Limited	–	–	428,544,500	60.48

Note:-
 # Based on the issued and paid-up share capital of the Company comprising 773,357,000 ordinary shares and after deduction of 64,759,800 treasury shares retained by the Company as per Record of Depositors.

Directors' Shareholdings in the Company and related corporations
as per Register of Directors' Shareholdings

	Direct Interest		Indirect Interest	
	No. of Shares	***%***	***No. of Shares***	***%***
Ordinary shares of 50 sen each in Pan Malaysia Corporation Berhad				
Wong Aun Phui	426,500	0.06#	–	–
Ordinary shares of RM1 each in Malayan United Industries Berhad				
Wong Aun Phui	1,497,000	0.07	–	–
Ordinary shares of 20 sen each in MUI Properties Berhad				
Dr Ngui Chon Hee	30,000	negligible	84,000	0.01

ANALYSIS OF SHAREHOLDINGS (Cont'd)

As at 27 April 2011

	Direct Interest Nominal Value RM	%	*Indirect Interest* Nominal Value RM	%
Class A1 Irredeemable Convertible Unsecured Loan Stocks in Malayan United Industries Berhad				
Wong Aun Phui	320,628	0.09	–	–
Dr Ngui Chon Hee	13,013	negligible	36,436	0.01
Class A2 Irredeemable Convertible Unsecured Loan Stocks in Malayan United Industries Berhad				
Wong Aun Phui	320,628	0.07	–	–
Dr Ngui Chon Hee	13,013	negligible	36,436	0.01
Class A3 Irredeemable Convertible Unsecured Loan Stocks in Malayan United Industries Berhad				
Wong Aun Phui	84,142	0.08	–	–
Dr Ngui Chon Hee	3,414	negligible	9,560	0.01

Distribution of Shareholders

Holdings	*No. of Holders*	*%*	*No. of Shares*	*%#*
Less than 100 shares	224	2.46	4,529	0.00
100 to 1,000 shares	1,527	16.73	1,367,508	0.20
1,001 to 10,000 shares	5,071	55.56	23,961,999	3.38
10,001 to 100,000 shares	1,988	21.78	64,079,352	9.04
100,001 to less than 5% of issued shares#	313	3.43	189,009,326	26.67
5% and above of issued shares#	4	0.04	430,174,486	60.71
Total	9,127	100.00	708,597,200	100.00

As at 27 April 2011

List of Thirty (30) Largest Securities Account Holders

	Name	***No. of Shares***	***%#***
1.	Public Nominees (Tempatan) Sdn Bhd - Tarrega Holdings Sdn Bhd	171,420,000	24.19
2.	RHB Capital Nominees (Tempatan) Sdn Bhd - Malayan United Industries Berhad	147,340,000	20.79
3.	Permodalan Nasional Berhad	63,698,486	8.99
4.	Malayan United Industries Berhad	47,716,000	6.73
5.	Oriental Omega Sdn Bhd	36,268,000	5.12
6.	RHB Capital Nominees (Tempatan) Sdn Bhd - Messrs Tarrega Holdings Sdn Bhd	17,640,000	2.49
7.	Onn Kok Puay (Weng Guopei)	8,631,900	1.22
8.	Appreplex (M) Sdn Bhd	7,920,000	1.12
9.	Ding Choo King	5,700,000	0.80
10.	Mayban Securities Nominees (Tempatan) Sdn Bhd - Securities Account for Leong Chee Kwong	4,944,000	0.70
11.	Mayban Nominees (Tempatan) Sdn Bhd - Securities Account for Ng Hoo Kui	4,523,600	0.64
12.	Kim Hin Joo Private Limited	4,200,000	0.59
13.	Chua Ah Moi @ Chua Sai Peng	3,687,000	0.52
14.	Lee Yu Yong @ Lee Yuen Ying	3,154,600	0.44
15.	Zulkifli bin Hussain	2,845,700	0.40
16.	Cimsec Nominees (Asing) Sdn Bhd - For CIMB Securities (Singapore) Pte Ltd	2,621,865	0.37
17.	Citigroup Nominees (Asing) Sdn Bhd - For OCBC Securities Private Limited	2,383,299	0.34
18.	Lim Kian Siong	1,622,500	0.23
19.	Zulkifli bin Hussain	1,530,000	0.22
20.	Choong Kow Joo & Sons Sdn Bhd	1,400,000	0.20
21.	Lim Choon Cheng	1,171,000	0.17
22.	Onn Ping Lan	1,069,800	0.15
23.	Public Nominees (Tempatan) Sdn Bhd - Securities Account for Lee Kin Kheong	1,058,900	0.15
24.	Tan Eng Yee	1,002,200	0.14
25.	Liew Sze Fook	1,000,000	0.14
26.	Public Nominees (Tempatan) Sdn Bhd - Securities Account for Lee Hock Leong	980,100	0.14
27.	Lian Lee Plantations Sendirian Berhad	901,000	0.13
28.	Tok Kee Sian	827,000	0.12
29.	Ong Bee Lian	815,000	0.11
30.	Kumpulan Wang Simpanan Guru-Guru	805,000	0.11
Total		548,876,950	77.46

Note:-

 # Based on the issued and paid-up share capital of the Company comprising 773,357,000 ordinary shares and after deduction of 64,759,800 treasury shares retained by the Company as per Record of Depositors.

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PMC

Pan Malaysia Corporation Berhad
Company No: 4920-D
Incorporated in Malaysia

FORM OF PROXY

No. of Shares Held

I/We ______________________________ NRIC No. ______________

of ______________________________ Tel. No. ______________

being a member of PAN MALAYSIA CORPORATION BERHAD hereby appoint ______________

______________________________ NRIC No. ______________

of ______________________________ Occupation ______________

or failing him/her, ______________________________ NRIC No. ______________

of ______________________________ Occupation ______________

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Forty-Eighth Annual General Meeting of the Company to be held at Ballroom 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 29 June 2011 at 10.00 a.m. and at any adjournment thereof, and to vote as indicated below:-

	Resolutions	For	Against
1.	To approve the payment of Directors' fees of RM192,000.		
2.	To re-appoint Mr Wong Aun Phui as Director of the Company.		
3.	To re-appoint Dr Ngui Chon Hee as Director of the Company.		
4.	To re-elect Encik Ariff bin Rozhan as Director of the Company.		
5.	To re-elect Mr Wong Nyen Faat as Director of the Company.		
6.	To re-appoint Messrs KPMG as auditors of the Company and to authorize the Directors to fix their remuneration.		
7.	Proposed authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		
8.	Proposed renewal of authority for the purchase of own shares by Pan Malaysia Corporation Berhad.		

(Please indicate with an 'X' how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.)

Signed this ____________ day of ________________ 2011.

Seal

____
Signature

Notes:-

1. *A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company but if he is not a member, he must be a qualified legal practitioner, approved company auditor, a person approved by the Companies Commission of Malaysia in the particular case or a person approved by the Directors prior to the appointment.*
2. *A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one proxy only in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member, other than an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or if such appointor is a corporation, under its common seal or under the hand of the attorney.*
4. *The Form of Proxy must be deposited at the registered office of the Company at 5th Floor, Menara PMI, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

Stamp

The Company Secretary
Pan Malaysia Corporation Berhad
5th Floor, Menara PMI
No. 2, Jalan Changkat Ceylon
50200 Kuala Lumpur
Malaysia