



RALCO

RALCO CORPORATION BERHAD
(Company No. 333101-V)



Annual Report
2010

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 16th Annual General Meeting of Ralco Corporation Berhad ("Company") will be held at Kuala Lumpur Golf & Country Club, 10 Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Monday, 30th day of May, 2011 at 10.00 a.m for the following purposes:

AGENDA

AS ORDINARY BUSINESS

- | | | |
|----|---|--|
| 1. | To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon. | RESOLUTION 1 |
| 2. | To approve the payment of Directors' fees amounting to RM168,000 for the financial year ended 31 December 2010. | RESOLUTION 2 |
| 3. | To re-elect the following Director retiring by rotation pursuant to Articles 64 and 65 of the Company's Articles of Association:
i. Datuk Lim Si Cheng | RESOLUTION 3 |
| 4. | To re-elect the following Directors retiring by casual vacancy pursuant to Article 69 of the Company's Articles of Association:
i. Mr Tan Heng Ta
ii. Mr Goh Kim Chon
iii. Mr Mark Ho Hing Kheong
iv. Mr Law Doung Chin | RESOLUTION 4
RESOLUTION 5
RESOLUTION 6
RESOLUTION 7 |
| 5. | To re-appoint Messrs. RSM Robert Teo, Kuan & Co. [AF 0768] as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. | RESOLUTION 8 |

AS SPECIAL BUSINESS

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

- | | | |
|----|---|---------------------|
| 6. | Ordinary Resolution
Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 | RESOLUTION 9 |
| | "THAT subject to Section 132D of the Companies Act, 1965 and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad." | |
| 7. | To transact any other ordinary business of the Company for which due notice shall have been given. | |

BY ORDER OF THE BOARD

CHIA SIEW CHIN (MIA 2184) Secretary

AIDA BINTI KARIM (LS0008384) Assistant Secretary

Kuala Lumpur
6 May 2011

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES:

1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote on his behalf. A proxy may but need not be a member of the Company.
2. The duly completed instrument appointing the proxy must be deposited at the registered office of the Company at Unit A-22-15, Level 22, Tower A, Menara UOA Bangsar, 5 Jalan Bangsar Utama 1, 59000 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor duly authorized in writing or if such appointor is a corporation, under its common seal or under the hand of its attorney.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

(a) Ordinary Resolution

The authority, if granted from the shareholders, will allow the Company to procure the renewal of the general mandate ("**General Mandate**") which will empower the Directors of the Company authority to issue and allot ordinary shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes as the Directors in their absolute discretion consider to be in the best interest of the Company without having to convene a general meeting. This authority, unless revoked or varied by the Company at the general meeting, will expire at the next AGM of the Company.

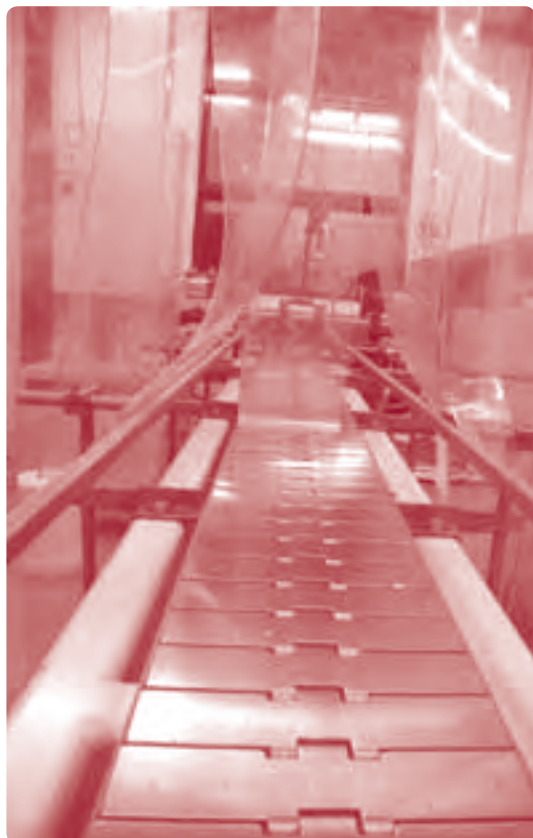
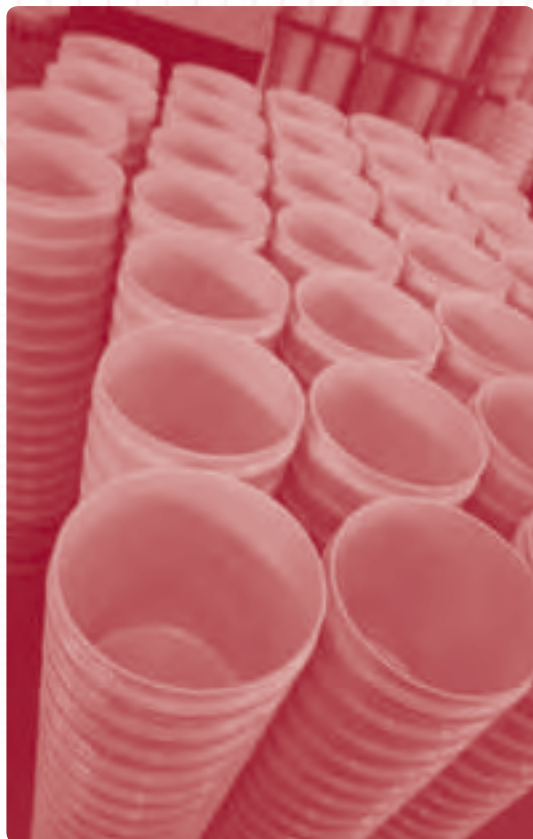
The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for purpose of funding future investment projects, working capital and/or acquisitions.

As at the date of this Notice, no issuance of new shares during the financial year.



STATEMENT ACCOMPANYING NOTICE OF 16TH ANNUAL GENERAL MEETING

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



1. Director who is standing for re-election as Director at the 16th Annual General Meeting of the Company:-

Pursuant to Article 64 and 65 of the Company's Articles of Association

- i. **Datuk Lim Si Cheng**

Pursuant to Article 69 of the Company's Articles of Association

- i. **Mr Tan Heng Ta**
- ii. **Mr Goh Kim Chon**
- iii. **Mr Mark Ho Hing Kheong**
- iv. **Mr Law Doung Chin**

2. Details of the profile of Directors seeking for re-election are set out in the Profile of Directors on page 7 to 9 of this Annual Report.
3. Six (6) Board meetings were held during the financial year ended 31 December 2010. Details of attendance of the Directors at Board meetings are set out on page 10 to 11 of this Annual Report.
4. Details of Board meetings are as follows:

Date of meetings	Time
26 January 2010	12.30 p.m.
19 February 2010	12.30 p.m.
26 April 2010	12.30 p.m.
27 May 2010	9.30 a.m.
24 August 2010	10.15 a.m.
16 November 2010	9.35 a.m.

All the above meetings were held at 903 & 904, Level 9, Bangunan TH Uptown 3, Damansara Utama, No. 3 Jalan SS21/39, 47400 Petaling Jaya, Selangor Darul Ehsan.

5. None of the Directors have any family relationship with the other Directors and/or Major Shareholders of the Company.
6. None of the Directors have been convicted for offences within the past 10 years other than traffic offences, if any.
7. None of the Directors have any conflict of interest in the Company.
8. None of the Directors hold any directorship in other public companies except for Mr Sui Diong Hoe.
9. Details of the interest of Directors in the securities of the Company and/or in a related corporation are set out on page 79 of this Annual Report.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Lim Si Cheng

Chairman, Independent Non-Executive Director

Sui Diong Hoe

Managing Director

Heng Chee Wei

Senior Independent Non-Executive Director

Tan Heng Ta

Executive Director

Goh Kim Chon

Executive Director

Mark Ho Hing Kheong

Independent Non-Executive Director

Law Doung Chin

Independent Non-Executive Director

COMPANY SECRETARIES

Chia Siew Chin (MIA 2184)

Company Secretary

Aida binti Karim (LS0008384)

Assistant Secretary

REGISTERED OFFICE

Unit A-22-15, Level 22
Tower A, Menara UOA Bangsar
5 Jalan Bangsar Utama 1
59000 Kuala Lumpur
Tel : 603-2080 9988
Fax : 603-2284 8928

REGISTRAR

System & Securities Sdn. Bhd.

Plaza 138, Suite 18.03
18th Floor, 138 Jalan Ampang
50450 Kuala Lumpur
Tel : 603-2161 5466
Fax : 603-2163 6968
Email : systems@ssassociates.com.my

PRINCIPAL BANKERS

CIMB Bank Berhad
United Overseas Bank (Malaysia) Berhad

PRINCIPAL PLACE OF BUSINESS

903 & 904, Level 9
Bangunan TH Uptown 3
Damansara Utama
No. 3 Jalan SS21/39
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7727 3131
Fax : 603-7722 5519

AUDITORS

RSM Robert Teo, Kuan & Co. (AF0768)

First Floor, Wisma RKT, Block A
No. 2, Jalan Raja Abdullah
Off Jalan Sultan Ismail
50300 Kuala Lumpur
Tel : 603-2610 2884
Fax : 603-2698 6600
email : audit@rsmi.com.my

STOCK EXCHANGE LISTING

Main Market of the
Bursa Malaysia Securities Berhad

STOCK NAME

RALCO

BURSA SECURITIES STOCK NO.

7498

CORPORATE STRUCTURE

**RALCO**

RALCO CORPORATION BERHAD
(COMPANY NO. 333101-V)

100%

RALCO HOLDINGS SDN. BHD.
(COMPANY NO. 179529-T)

100%

RALCO PLASTIC SDN. BHD.
(COMPANY NO. 178902-X)

100%

RALCO COMPOUNDING SDN. BHD.
(COMPANY NO. 754134-W)

100%

RALCO TRADING SDN. BHD.
(COMPANY NO. 183408-U)

100%

TEMASEK BAY SDN. BHD.
(COMPANY NO. 838871-H)

PROFILE OF DIRECTORS

DATUK LIM SI CHENG, PJN., PIS

Chairman, Independent-Non Executive Director
Aged 61, Malaysian

Datuk Lim Si Cheng was appointed to the Board and Chairman to the Board on 16 June 2008. He started his career as journalist in 1968. He was a State Assemblyman for Bandar Segamat from 1982 to 1990. He was a Johor State Executive Councillor from 1986 to 1990 before being appointed as Political Secretary to Minister of Transport in 1990. From 1995, he was elected as Member of Parliament for Kulai, Johor for three (3) consecutive terms and in 1999, he served as Deputy Speaker to the House of Representative, Parliament Malaysia until February 2008. He does not hold any directorship in any other public companies.

Datuk Lim Si Cheng has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Group. He has no family relationship with any other directors or major shareholders of the Group and has not been convicted for any offences within the past ten (10) years other than for traffic offence, if any. He does not have interest in the securities of th

Details of number of Board meetings attended by him during the financial year are set out in page 10 of this Annual Report.

SUI DIONG HOE

Managing Director
Aged 56, Malaysian

Mr. Sui Diong Hoe was appointed to the Board and Executive Director on 10 January 2007. On 29 May 2008, he was appointed as Managing Director of Ralco Corporation Berhad. He is an associate member of the Association of Chartered Certified Accountant, United Kingdom and a Member of the Malaysian Institute of Accountants. He also sits on the Boards of several private limited companies involving in investment and consultancy services. He is a director of Timberwell Berhad, a public company listed of the Main Market of Bursa Malaysia Securities Berhad.

Mr Sui Diong Hoe has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Group. He has no family relationship with any other directors or major shareholders of the Group and has not been convicted for any offences within the past ten (10) years other than for traffic offences, if any. He has direct shareholding of 2,024,238 ordinary shares of RM1.00 each in the Company.

Details of number of Board meetings attended by him during the financial year are set out in page 11 of this Annual Report.

HENG CHEE WEI, A.M.P.

Senior Independent Non-Executive Director
Aged 40, Malaysian

Mr. Heng Chee Wei was appointed to the Board on 8 August 2001. He is a member of the Malaysian Institute of Accountants and is currently the Operations Director of TNT Worldwide Express (M) Sdn. Bhd. He was a Senior Operations Manager of Federal Express Services (M) Sdn. Bhd. from 1999 to 2009. He was the Finance Manager of Sis Distribution (M) Sdn. Bhd. and was formerly a Senior Associate with PricewaterhouseCoopers from 1996 to 1999. He does not hold any directorship in any other public companies.

Mr Heng Chee Wei has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Group. He has no family relationship with any other directors or major shareholders of the Group and has not been convicted for any offences within the past ten (10) years other than for traffic offence, if any. He does not have interest in the securities of the Group.

Mr Heng Chee Wei is also the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee and also, identified by the Board as a senior independent non-executive director.

Details of number of Board meetings attended by him during the financial year are set out in page 11 of this Annual Report.

PROFILE OF DIRECTORS (CONT'D)

TAN HENG TA

Executive Director
Aged 43, Malaysian

Mr. Tan Heng Ta was appointed to the Board as Executive Director on 7 January 2011. He is a successful and industrious businessman having started at an early age soon after completing his secondary education. He has vast experience in trading and distributorship of consumer electric goods as well as property development. He is also director of a few private limited companies. His involvement in the consumer goods industry has provided him with a wide range of operational, technical and marketing knowledge and insight. He does not hold any directorship in any other public companies.

Mr Tan Heng Ta has no conflict of interest with the Group and has no family relationship with any other directors or major shareholders of the Group. He has not been convicted for offences within the past ten (10) years other than for traffic offence, if any. He does not have direct interest in the securities of the Group.

Details of number of Board meetings attended by him during the financial year are set out in page 11 of this Annual Report.

GOH KIM CHON

Executive Director
Aged 55, Malaysian

Mr. Goh Kim Chon was appointed to the Board on 7 January 2011. On 1 March 2011, he was appointed as Executive Director of Ralco Corporation Berhad. Mr Goh started his career as audit assistant in a local audit firm after completing his Degree in Accountancy in 1980. He was an accountant cum credit controller in a trading company. Having gained experiences in the accounting, costing, management accounting and corporate finance, he joined a manufacturing group of companies dealing with international trade and procurement in 1989 as Finance Manager and was promoted to Assistant General Manager in 1996. He does not hold any directorship in any other public companies.

Mr Goh Kim Chon has no conflict of interest with the Group and has no family relationship with any other directors or major shareholders of the Group. He has not been convicted for offences within the past ten (10) years other than for traffic offence, if any. He does not have direct or indirect interest in the securities of the Group.

Details of number of Board meetings attended by him during the financial year are set out in page 11 of this Annual Report.

PROFILE OF DIRECTORS (CONT'D)

MARK HO HING KHEONG

Independent Non-Executive Director

Aged 43, Malaysian

Mr. Mark Ho Hing Kheong was appointed to the Board on 29 March 2011. He is a member of the Middle Temple Inns of Court and admitted as Barrister-at-Law of England and Wales in 1992. In 1993, he completed his pupillage at Messrs Skrine and was called to the Malaysian Bar in December of the same year. He was called to the Singapore Bar in 1998. He has 17 years of experience in a broad range of legal matters although his strengths lie in Corporate & Commercial matters. He has been practicing in Messrs Chellam Wong as a Partner since 1997 and has been appointed as Counsel by other firms on numerous occasions. On 4 August 2010, he was recognized and appointed as a Notary Public. He does not hold any directorship in any other public listed company.

Mr. Mark Ho Hing Kheong has no conflict of interest with the Group and has no family relationship with any other directors or major shareholders of the Group. He has not been convicted for offences within the past ten (10) years other than for traffic offence, if any. He does not have direct or indirect interest in the securities of the Group.

Mr. Mark Ho Hing Kheong is a member of Audit Committee, Nomination Committee and Remuneration Committee of the Company.

Details of number of Board meetings attended by him during the financial year are set out in page 11 of this Annual Report.

LAW DOUNG CHIN

Independent Non-Executive Director

Aged 40, Malaysian

Mr. Law Doung Chin was appointed to the Board on 29 March 2011. He has more than 10 years extensive and wide exposures experiences in accounting, financing and auditing and held several key manager position in auditing firm as well as in private limited companies. He is the Head of Finance and Operation leading a management team of a timber logging and trading companies since 2006. He is a Director and the Internal Auditor of ACE Mobile Group Sdn. Bhd. and Southern Star Development Sdn. Bhd. since 2008. Southern Star Development Sdn. Bhd. is a development company currently engaging in developing a comprehensive development project of four stars hotel, service condominium, shopping centre and market. He does not hold any directorship in any other public listed company.

Mr. Law Doung Chin has no conflict of interest with the Group and has no family relationship with any other directors or major shareholders of the Group. He has not been convicted for offences within the past ten (10) years other than for traffic offence, if any. He does not have direct or indirect interest in the securities of the Group.

Mr. Law Doung Chin is a member of Audit Committee, Nomination Committee and Remuneration Committee of the Company.

Details of number of Board meetings attended by him during the financial year are set out in page 11 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Ralco Corporation Berhad ("the Board") continues to recognise the importance of practicing good corporate governance to direct the businesses of the Company and its subsidiaries (together as "the Group") towards enhancing business and long-term value for its shareholders. It remains committed to ensure that the highest standards of accountability and transparency are practiced throughout the Group as the underlying principle in discharging its responsibilities.

The Board is pleased to present below how the Group has applied the principles of corporate governance and the extent of compliance with the principles and best practices set out in the Malaysian Code on Corporate Governance. These principles and best practices have been applied consistently throughout the financial year ended 31 December 2010 except where otherwise stated herein.

1. BOARD OF DIRECTORS

The Board

The Board acknowledges its principal responsibilities for setting the strategic direction of the Group and ensuring it is properly managed and continuously improving its performance so as to protect and enhance shareholders' values. In addition, the Board also has full control of and acknowledge its responsibilities for the overall strategy and standards of conduct of the Group's business, risks management, succession planning, strategic planning, formulation of policies, annual budget, review of financial and operational performance, investor relation programme and systems of internal control of the Group.

Board composition and Balance

The Board comprises of seven (7) Directors, which includes one (1) Chairman cum Independent Non-Executive Director, one (1) Managing Director, one (1) Senior Independent Non-Executive Director, two (2) Independent Non-Executive Directors and two (2) Executive Directors. The current Board composition complies with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company is led by an experienced Board with a broad range of skills, knowledge and expertise to effectively facilitate the discharge of the Board's stewardship.

The Independent Non-Executive Directors with their different backgrounds and specialisation bring along wide range of skills, finance and technical expertise. These allow them to exercise independent advice, view and judgement on the issues of strategy, performance, resources, including key appointments and standards of conduct and to bear on the decision-making process of the Group to ensure that a balanced and unbiased deliberation process is in place to safeguard the interests of the shareholders and other stakeholders of the Company. As and when a potential conflict of interest arises, it is mandatory practice for the Directors concerned to declare their interest and abstain from the decision-making process.

There is a clear division of responsibilities between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director is responsible for the overall operations of the Group and the implementation of the Board's strategies and policies.

Board meetings

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. All the proceedings at the Board meetings are properly minuted and signed by the Chairman. The Board follows formal schedules for meeting and Board members are adequately provided with status report and Board papers to assist them to make the best decisions in the best interest of the Company at all times.

During the financial year ended 31 December 2010, a total of six (6) Board meetings were held. The following is the record of attendance of the Directors during their tenure:-

Name of Directors	Designation	Date of Appointment	Date of Resignation	Number of Meetings Attended
Datuk Lim Si Cheng	Chairman, Independent Non-Executive Director	16 June 2008	-	6/6
Sui Diong Hoe	Managing Director	10 January 2007	-	6/6

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Name of Directors	Designation	Date of Appointment	Date of Resignation	Number of Meetings Attended
Heng Chee Wei	Senior Independent Non-Executive Director	8 August 2001	-	6/6
Mohd Khasan bin Ahmad	Independent Non-Executive Director	19 September 2007	9 March 2011	6/6
Lee Thiam	Independent Non-Executive Director	10 January 2007	19 April 2011	6/6
Ang Poo Guan	Independent Non-Executive Director	26 February 2007	9 March 2011	6/6
Ta Heng Ta	Executive Director	7 January 2011	-	0/0
Goh Kim Chon	Executive Director	7 January 2011	-	0/0
Law Doung Chin	Independent Non-Executive Director	29 March 2011	-	0/0
Mark Ho Hing Kheong	Independent Non-Executive Director	29 March 2011	-	0/0

In addition to the above formal Board meetings, there were several informal meetings of the Board. The Board also made decisions and approvals through circular resolutions.

Supply of information

The Board is briefed in a timely manner on all matters requiring their deliberation and approval. Prior to all Board meetings, the Board members are given timely notices of meetings, which set out the agenda and accompanied by the relevant reports and documents for their perusal, so that the Directors have ample time to review the matters to be deliberated. The proceedings of the Board meetings and resolutions passed are recorded in the minutes and kept at the registered office of the Company. The Board has timely access to relevant information pertaining to the Group's business affairs to enable the Board to discharge its responsibilities effectively. The Board is also regularly updated on statutory as well as regulatory requirements pertaining to their duties and responsibilities as well as appropriate procedures for management of meetings.

Where necessary, senior management staffs may be invited to attend Board meetings to furnish the Board with their comments and advice on the relevant matters tabled. All Directors have access to the advice and services of the Company Secretary and may seek independent professional advice, whenever required, in furtherance of their duties.

Appointment to the Board

The appointment of any additional Director is made as and when it is deemed necessary by the existing Board with the recommendation of the Nomination Committee. The Committee is responsible to review the required mix of skills, knowledge, expertise, experience, professionalism, integrity and for recommendation of independent non-executive directors, the Nomination Committee evaluate the ability to discharge such responsibilities before making a recommendation to the Board. The Members and Terms of Reference of the Nomination Committee are set out on page 22 of this Annual Report.

Re-election of Directors

In accordance with the Articles of Association of the Company, one-third (1/3) of the Directors shall retire from office at every annual general meeting ("AGM") at least once in every three (3) years, but shall be eligible for re-election. The Directors to retire in each AGM are the directors who have been longest in office since their appointment or re-appointment. The retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next AGM following their appointment. This is also in compliance with the Listing Requirements.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Continuing Education of Directors

The Directors of the Company except for Mr Law Doung Chin and Mr Mark Ho Hing Kheong who were appointed on 29 March 2011 have all attended the Mandatory Accreditation Programme prescribed by Bursa Securities for directors of public listed companies. They are committed and encouraged to attend continuing education programme, seminar and training on annual basis to keep themselves abreast with new regulatory developments, listing requirements and on various issues facing the changing business environment within which the Company operates and the latest developments for enhancement of their roles and responsibilities as Directors.

During the year, few seminars and courses were identified for the Directors' continuous training programme for purpose of enabling them to effectively discharge their duties to the Group and/or that are relevant to the Group's business activities. The Directors also did attend various trainings conducted by their respective in-house companies and/or by external professionals. Amongst those training programmes attended by the respective Directors are as follows:

1. Malaysian Financial Reporting Standards – Recent Development and Updates
2. Risk & Perform – Implications for Audit Committee Oversight
3. Improved Reporting Results for Group of Companies
4. Minority Shareholder Watchdog Group (MSWG)
5. 2011 RSM RKT Tax Seminar
6. Forum on "The Challenges of Implementing FRS139"
7. Leadership value profiling workshop
8. The Debt Recovery Process

The Directors will continue to participate in other relevant programmes which are deemed suitable to further enhance their skills and knowledge and to stay abreast with current issues.

2. BOARD COMMITTEES

The Board delegates certain functions and responsibilities to several Board Committees, namely Audit Committee, Nomination Committee, Remuneration Committee and Investment Committee, to support and assist in discharging its responsibilities. These Committees operate under approved terms of reference or guidelines set out by the Board. All Committees report to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board. The Board may form other committees delegated with specific authorities to act on its behalf, whenever require.

3. DIRECTORS REMUNERATION

The Remuneration Committee comprising mainly of Non-Executive Directors is responsible to establish a formal and transparent procedure for developing the remuneration policy and determining the remuneration packages of Executive Directors as well as fixing the remuneration packages of individual directors so as to ensure that it attracts and retains the suitable directors to lead, control and manage the Group effectively. In the case of Executive Directors, the component parts of the remuneration are structured so as to link rewards to the Company and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of these Directors. The Members and Terms of Reference of the Remuneration Committee are presented on page 22 of this Annual Report.

Directors' fee is recommended by the Board for the approval by shareholders of the Company at AGM.

Details of Directors' remuneration for the financial year ended 31 December 2010, in aggregation and analysed into bands of RM50,000 are as follows:-

	Salaries and other emoluments (RM)	Fees (RM)	EPF (RM)	Total (RM)
Executive Director	901,188	-	108,000	1,009,188
Non-Executive Directors	-	168,000	-	168,000

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Range of Remuneration (RM)	Number of Directors	
	Executive	Independent Non-Executive
Below RM50,000	-	5
RM1,000,001 – RM1,050,000	1	-

4. SHAREHOLDERS

Shareholders' Communication and Investor Relationship Policy

The Board believes in clear communication and acknowledges the importance of timely and equal dissemination of relevant information to its shareholders. The annual reports and the quarterly announcements are means employed to report on the business, activities and financial performance of the Group to all its shareholders. The Senior Independent Non-Executive Director is primarily responsible to communicate with the shareholders.

The AGM is the principal forum of dialogue and interaction with the shareholders. Shareholders are provided with the Company's Annual Report before the meeting. At each AGM, the Board presents the progress and performance of the Company and shareholders are given the opportunity to raise questions or to seek for information of the Company. During the meeting, the Chairman, Board members and external auditors are available to respond to shareholders' queries.

5. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Company's financial statements were prepared in accordance with the requirements and provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia. The Board aims to present a balanced and clear assessment of the Group's position and prospect to the Company's shareholders through the annual financial statements and quarterly announcements. The Board discusses and reviews the recommendations proposed by the Audit Committee prior to the adoption of the financial statements of the Group. The Statement explaining the Director's responsibility for preparing the financial statements is set out in page 19 of this Annual Report.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound internal control system for the Group to achieve its objectives within an acceptable risk profile as well as safeguarding shareholders' investment and the Group's assets. An overview of the state of internal control within the Group is set out in the Statement on Internal Control on page 20 to 21 of this Annual Report. The Board has collectively approved this statement.

Relationship with Auditors

The Board has established a formal and transparent relationship with the auditors. The Audit Committee recommends the appointment of the external auditors and their remuneration. The appointment of the external auditors is subject to the approval of shareholders in general meetings whilst their remuneration is determined by the Board. The role of the Audit Committee is further described in the Audit Committee Report on page 16 to 19 of this Annual Report.

6. CORPORATE SOCIAL RESPONSIBILITY

The Group wishes to fulfil its corporate social responsibility on helping to enhance the conditions of the society, environment as well as creating awareness of this cultural belief and responsibility. During the financial year, on going donations were made to various worthy causes, welfare organizations, schools and medical care.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds and Corporate Proposal

The Company did not carry out any corporate proposals nor utilize proceeds derived from the corporate proposals during the financial year.

2. Shares Buy-Back

During the financial year ended 31 December 2010, the Company had purchased 2,156,200 of its own shares, which are held as treasury shares. The shares repurchased held in treasury shares are summarized as follows:

Month	No. of repurchased shares	Highest price (RM)	Lowest price (RM)	Average price (RM)	Consideration (RM)
January 2010	441,000	1.080	0.930	1.005	458,425.13
February 2010	1,000	0.730	0.730	0.730	771.22
March 2010	-	-	-	-	-
April 2010	1,332,600	1.040	1.000	1.020	1,355,071.19
May 2010	-	-	-	-	-
June 2010	5,000	0.880	0.880	0.880	4,446.32
July 2010	190,000	0.990	0.980	0.985	187,879.19
August 2010	186,600	0.990	0.920	0.955	179,187.60
September 2010	-	-	-	-	-
October 2010	-	-	-	-	-
November 2010	-	-	-	-	-
December 2010	-	-	-	-	-

The Company has not made any resale or cancellation of its treasury shares in the financial year ended 31 December 2010.

To-date, the total number of shares bought back and the shares retained as treasury shares is 2,601,900. Such treasury shares are held at a total consideration of RM2,568,347.89.

3. Options, Warrants or Convertible Securities

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

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

4. American Depositary Receipt (ADR) or Global Depositary Receipt (GDR)

The Company did not sponsor any ADR or GDR programme during the financial year.

5. Imposition of Sanctions and/or Penalties

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

6. Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Company for the financial year ended 31 December 2010 amounted to RM18,000.00.

7. Variation in Results

There were no material variations between audited and unaudited results for the financial year ended 31 December 2010.

8. Profit Forecast And Profit Guarantee

The Company did not issue any profit forecast and profit guarantee during the financial year.

9. Material Contracts

Save as disclosed under Note 36 to the financial statements as set out on page 66 to 67 of this Annual Report, there were no material contracts (not being contract entered into the ordinary course of business) subsisting as at and entered into since the end of previous financial year, by the Company and its subsidiaries, which involved the interest of the Directors and major shareholders.

10. Revaluation Policy on Landed Properties

The Company and the Group did not have a policy on regular revaluation of land and buildings.

AUDIT COMMITTEE REPORT

The objective of the Audit Committee of the Board is to assist the Board in fulfilling its fiduciary responsibilities relating to internal control, corporate accounting and reporting practices of the Group. The Audit Committee will endeavour to adopt various practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to the shareholders of the Company.

1. COMPOSITION

In line with the Malaysian Code of Corporate Governance, which was revised on 1 October 2007, all three (3) members of the Audit Committee are Independent Non-Executive Directors.

As at the date of this Annual Report, the composition of the Audit Committee is as follows:

Name of Members	Designation
Heng Chee Wei	Chairman - Senior Independent Non-Executive Director
Law Doung Chin	Member - Independent Non-Executive Director
Mark Ho Hing Kheong	Member - Independent Non-Executive Director

Mr Heng Chee Wei, Chairman of the Audit Committee, is a member of the Malaysian Institute of Accountants. In this respect, the Company is in compliance with Paragraph 15.09(1)(c)(i) of the Listing Requirements.

2. TERMS OF REFERENCE

• Membership

The Audit Committee shall be appointed by the Board from amongst its Directors and shall consist of not less than three (3) Directors, the majority of whom shall be independent non-executive directors. The composition of the Audit Committee shall fulfill the requirements as prescribed in the Listing Requirements.

The terms of office of the Committee members shall continue to run and be reviewed by the Board at least once in every three (3) years.

If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months appoint such number of new members as may be required to make up the shortfall.

• Chairman

The Chairman of the Audit Committee must be an independent non-executive director and shall be appointed by its members.

• Company Secretary

The Company Secretary shall also act as Secretary to the Audit Committee. Minutes of each meeting shall be made available to each member of the Board.

• Meetings and Minutes

The Audit Committee shall meet at least four (4) times annually and shall invite others such as directors, internal auditors, external auditors and employees of the Group to attend any meeting as it deems fit. Further meetings may be called at any time at the request of any member or of the external auditors or of the internal auditors.

Minutes of each meeting shall be prepared and kept by the Company Secretary and shall be signed by the Chairman as correct record and be distributed to all members of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board.

AUDIT COMMITTEE REPORT (CONT'D)

• Rights and Authority

In conducting its duties and responsibilities, the Audit Committee shall have:

- the authority to investigate any matter within its Terms of Reference;
- the resources which are required to perform its duties;
- the full and unrestricted access to any information pertaining to the Group;
- the direct communication channels with the Company's external auditors and person(s) carrying out internal audit function or activity of the Group;
- the ability to obtain independent and professional advice whenever it deems fit and be able to secure the attendance of outsiders with relevant experience and expertise for consultation if it considers necessary; and
- the ability by itself or by any manner to convene meetings and dialogue with the external auditors of the Company independently.

• Functions

The Audit Committee shall, amongst others, discharge the following functions:

- (a) to review the nature and scope of the audit with external auditors before the audit commences;
- (b) to review and evaluate the system of internal controls with external auditors;
- (c) to review the audit report prepared by the external auditors, the major findings and management's responses thereto;
- (d) to review the adequacy of the scope, function and the assistance given by the employees of the Group to the external auditors and whether it is necessary to carry out its work;
- (e) to discuss and review the external auditor's management letter and management's response;
- (f) to review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (g) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (h) to review the quarterly and annual financial statements of the Group and Company focusing on the matters set out below, prior to the consideration and approval by the Board:
 - (i) changes in or implementation of accounting policies and practices;
 - (ii) significant adjustments arising from the audit;
 - (iii) going concern assumption; and
 - (iv) compliance with accounting standards and regulatory requirements.
- (i) to discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss;
- (j) to consider any related-party transactions and conflict of interest situation that may arise within the Company and Group and with any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (k) to review any resignation from the external auditors of the Group;
- (l) to consider whether there exist any grounds supported by evidence to believe that the Group's external auditors are not suitable for re-appointment;
- (m) to consider the appointment, resignation and dismissal of external auditors (if any) and the audit fee; and
- (n) any other matters as may be directed by the Board from time to time.

AUDIT COMMITTEE REPORT (CONT'D)

3. SUMMARY OF ATTENDANCE AND ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year under review, four (4) Audit Committee meetings were held. The details of the attendance of the meetings are as follows:

Name of Members	Designation	Date of Appointment	Date of Resignation	Number of Meetings Attended
Heng Chee Wei	Chairman - Senior Independent Non-Executive Director	13 August 2001	-	4/4
Lee Thiam	Member - Independent Non-Executive Director	10 January 2007	19 April 2011	4/4
Ang Poo Guan	Member - Independent Non-Executive Director	26 February 2007	9 March 2011	4/4
Law Doung Chin	Member - Independent Non-Executive Director	29 March 2011	-	0/0
Mark Ho Hing Kheong	Member - Independent Non-Executive Director	29 March 2011	-	0/0

The Audit Committee discharged its duties in accordance with its Terms of Reference during the year. The main activities undertaken by the Audit Committee during the year were as follows:-

• Financial Results

- (i) reviewed the unaudited quarterly financial results of the Group with the management team prior to making recommendations for the Board's approval and subsequent announcements.
- (ii) reviewed the annual audited financial statements of the Company with the external auditors prior to submission to the Board for their consideration and approval. The review was, inter-alia, to ensure compliance with:
 - (a) provisions in the Companies Act, 1965;
 - (b) Listing Requirements;
 - (c) applicable approved accounting standards in Malaysia; and
 - (d) other legal and regulatory requirements.

In the review of the annual audited financial statements, the Audit Committee discussed with management team and the external auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements as well as issues and reservations arising from the statutory audit.

• Internal Audit

The Company has engaged the external internal auditors to assist in internal audit function. The Audit Committee deliberated with the internal auditors the internal audit reports, audit findings, audit recommendations made and management's responses to these recommendations and actions taken to improve the system of internal control and procedures.

AUDIT COMMITTEE REPORT (CONT'D)

• External Auditors

- (i) reviewed with the external auditors the audit planning memorandum covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by Malaysian Accounting Standards Board.
- (ii) reviewed with external auditors the results of the audit of the audited financial statements and the audit report in particular, accounting issues and significant audit adjustments arising from the external audit.

The Audit Committee meets the external auditors without the Executive Directors at least twice (2) a year.

• Related Party Transactions

The Audit Committee has reviewed the potential related party transaction and any conflict of interest situation that may arise within the Company of Group entered into by the Group.

4. INTERNAL AUDIT

The Internal Auditor reports directly to the Audit Committee whose principal responsibilities are to undertake independent reviews of the internal control system, which includes the following:-

- (i) review and appraise the adequacy, integrity and effectiveness of the current system of internal control of the Group.
- (ii) performed a risk assessment of the Group to identify and evaluate the principal risk factors and ensuring the implementation of appropriate internal control processes and procedures to mitigate these risks.
- (iii) allocating adequate audit resources, in accordance with the internal audit plan approved by the Audit Committee to carry out internal audits on key operations of the Group so as to provide the Board with an effective and efficient audit coverage.

During the financial year, the Internal Auditor has carried out various risk-based audit reviews of the key processes of operations and provided recommendations to ensure all key risks and controls have been addressed.

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

The Companies Act, 1965 ("the Act") requires the Directors to lay before the Company at its AGM, the financial statements, which includes the consolidated balance sheet and consolidated income statement of the Group for each financial year, made out in accordance with the applicable approved accounting standards and the provisions of the Act. This is also in line with Paragraph 15.26(a) of the Listing Requirements.

The Directors are required to take reasonable steps in ensuring that the consolidated financial statements give a true and fair view of the state of affairs of the Group for each financial year.

In the preparation of the financial statements for financial year ended 31 December 2010, the Directors are satisfied that the Company has adopted appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgements and estimates that are prudent and reasonable. The Directors also confirm that all applicable approved accounting standards have been complied with.

The Directors are required under the Act to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company, and to cause such records to be kept in such manner as to enable them to be conveniently and properly audited.

STATEMENT ON INTERNAL CONTROL

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Set out below is the Board Statement on Internal Control as a Group, made in compliance with the Listing Requirements and the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

1. BOARD RESPONSIBILITY

The Board acknowledges the importance of maintaining a sound system of internal control and effective risk management practices in the Group to ensure good corporate governance. The Board affirms its responsibility for reviewing the adequacy and integrity of the Group's system of internal control and management information systems, including systems for compliance with applicable laws, rules, directives, guidelines and risk management practices.

This statement had been reviewed by the external auditors in compliance with Paragraph 15.23 of the Listing Requirements.

The Board affirms its overall responsibility for the Group's system of internal control and for reviewing the adequacy and integrity of those systems whilst the role of management is to implement the policies on risk and control set by the Board.

This process is regularly reviewed by the Board and accords with the guidelines for directors on internal control, *the Statement on Internal Control: Guidance for Directors of Public Listed Companies*.

In view of the limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate the risk of failure to achieve business objectives. However the Board recognizes that such system only provides reasonable and not absolute assurance against material misstatement or loss.

2. THE GROUP'S SYSTEM OF INTERNAL CONTROL

• Risk Management Framework

The Board maintains continuous commitment in strengthening the Group's risk management framework and processes. Day-to-day risk management of the individual operating units are delegated to the Managing Director and respective senior managements. In this regard, the Managing Director is responsible for timely identification of the Group's risks of each business units and implementation of systems to manage these risks. Periodic meetings are held to assess and monitor the Group's risk as well as discuss, deliberate and appropriately addressed matters associated with strategic, financial and operational facets of the Group. Any significant weaknesses identified during the review together with the improvement measures to strengthen the internal controls were reported to the Audit Committee.

• Monitoring Mechanisms and Management Style

Scheduled periodic meetings of the Board, Board Committees and management represent the main platform by which the Group's performance and conduct are monitored. The daily running of the business is entrusted to the Managing Director, senior managements and their respective management teams. Under the purview of the Managing Director, the heads of the respective departments of the Group are empowered with the responsibility of managing their respective operations.

The Board is responsible for setting the business direction and for overseeing the conduct of the Group's operations through its various Board Committees and management reporting mechanisms. Through these mechanisms, the Board is informed of all major control issues pertaining to internal controls, regulatory compliance and risk taking.

STATEMENT ON INTERNAL CONTROL (CONT'D)

• Internal Audit Function

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. The Group has outsourced its internal audit function to Messrs H Corp Management Sdn. Bhd., which reports to the Audit Committee.

An internal audit is carried out based on the internal audit plan that was reviewed by the Audit Committee and approved by the Board of Directors. The internal audit approach examined evaluated and ensured compliance with the Group's policies, procedures and system of controls. It has also evaluated the adequacy and effectiveness of the internal control system and assessed the consequences of any potential risks and suggested improvements required.

During the financial year under review, any weaknesses in internal controls have been appropriately addresses and senior managements will continue to ensure that appropriate action is taken to enhance and strengthen the internal control environment.

• Other Key Elements of the Group's System of Internal

The Board is committed to maintaining a strong internal control structure for the proper conduct of the Group's business operations and of the view that the system of internal controls in place for the year under review and up to the date of issuance of the financial statements. The key elements include:

- the responsibilities of the committees to the Board and management are clearly defined in the organisation structure to ensure the effective discharge of their roles and responsibilities towards the Group.
- the limits of authority of the Group has been defined and adopted accordingly.
- policies and controls for the Group's operations including information systems controls have been defined and adopted. Procedures are in place to ensure that assets are subject to proper physical controls.
- monthly and periodic reporting structures have been put in place on key financial and operational statistics.
- the Group's internal audit function is an on-going review process of the operations to access the effectiveness of the control environment and to highlight significant risks as well as areas requiring improvements. Follow-up reviews on previous audit reports are carried out to ensure that appropriate actions are taken to address internal control weaknesses highlighted.
- the Audit Committee meets regularly to review the adequacy, integrity and effectiveness of the system of internal control of the Group, discuss risk management issues and ensures that weaknesses controls highlighted are appropriately addressed by the management.

The system of internal control was generally satisfactorily and has not resulted in any material loss, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

NOMINATION COMMITTEE

Chairman : **Heng Chee Wei**
(Senior Independent Non-Executive Director)

Members : **Mark Ho Hing Kheong**
(Independent Non-Executive Director)

Law Doung Chin
(Independent Non-Executive Director)

Terms of Reference :

- review and assess the skills, expertise and/or experience strategic and fundamental to the effective functioning of the Board as a whole.
- review and assess the required mix of skills, experience and other qualities including core competencies, which non-executive directors could bring to the Board.
- review, assess and recommend the appointment of the suitability of any individual for appointment to the Board by taking into account his/her skill, expertise and/or experience as well as other commitments, resources, time and effectiveness of the Board as a whole on an ongoing basis.
- review and assess the contribution of all members of the Board and the effectiveness of the Board as a whole.
- review, assess and make recommendation of candidates to fill vacancies of the Board.
- review, assess and recommend to the Board for re-election of directors due to retirement by rotation.
- review and assess the size of the Board to determine the impact of its effectiveness.
- review, assess and make recommendation of directors to sit on various Board Committees and their performance and effectiveness.

REMUNERATION COMMITTEE

Chairman : **Heng Chee Wei**
(Senior Independent Non-Executive Director)

Members : **Mark Ho Hing Kheong**
(Independent Non-Executive Director)

Law Doung Chin
(Independent Non-Executive Director)

Terms of Reference :

- to review annually the remuneration packages as well as reviews and recommends all other director fees/attendance fees of the Executive Directors and furnishes recommendations to the Board on specific adjustments in remuneration and/or reward payments.
- to consider all aspects of the executive directors' performance and employment for recommendation of remuneration and incentives, drawing from outside advice if necessary.
- to carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

GROUP FINANCIAL HIGHLIGHTS

For the year ended 31 December 2010

	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000
INCOME STATEMENT					
Gross Revenue	100,392	86,887	111,118	100,793	103,927
Profit/(Loss) Before Tax	2,237	5,619	1,148	(13,845)	(2,150)
Profit/(Loss) After Tax	1,184	4,296	1,148	(11,743)	(4,284)
BALANCE SHEET					
Property, Plant and Equipment	33,299	31,339	33,664	38,712	51,163
Prepaid lease repayment	3,235	3,208	3,232	3,256	-
Investment in quoted securities	110	-	-	-	-
Deferred Assets	-	-	-	-	-
Net Current Assets/(Liabilities)	1,946	3,710	(4,058)	(9,299)	(5,976)
Total Assets Employed	38,590	38,257	32,838	32,669	46,617
Shareholders' Fund	33,241	35,456	31,088	29,939	41,327
Minority Interest	-	2	29	-	61
Non-Current Liabilities	5,349	2,799	1,721	2,730	5,229
Total Funds Employed	38,590	38,257	32,838	32,669	46,617
PER RM 1 ORDINARY SHARE					
(Loss) / Earnings Per Share (sen)	2.40	10.33	2.74	(27.99)	(8.78)
Gross Dividend Per Share (sen)	-	-	-	-	-
Net Tangible Assets Per Share (RM)	0.84	0.84	0.74	0.71	0.99

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2010.

FINANCIAL PERFORMANCE

The Group's gross revenue increased from RM86.9 million in the previous year to RM100.4 million for the year ended 31 December 2010, representing an increase of RM13.5 million or 15.5% over the previous year.

The Group achieved a pre-tax profit of RM2.2 million compared to a pre-tax profit of RM5.6 million in the previous year. This was mainly attributable to lower profit margin as a result of higher raw materials and operation costs.

OUTLOOK AND PROSPECTS

The year 2011 is expected to provide a boost for the Malaysian economy with the major economies around the world implementing various economic stimulus packages. The Group plans to increase its efficiency, productivity and optimise resources such as manpower and equipment to achieve the target.

In order to stay competitive, we have to continue adopting the prudent cost management and I believe this would enable us to maintain and strengthen our position as one of the major packaging players in the industry. With the appropriate measures and strategies coupled with the commitment from the entire workforce, the Group expects to overcome the challenging year ahead.

Barring any unforeseen circumstances and noting the increasing competition which the Group is facing and notwithstanding present high resin prices, the Board is hopeful that the abnormal conditions are temporary and that the Group will still be able to perform reasonably well for the coming financial year.

CORPORATE SOCIAL RESPONSIBILITY

Whilst we pursue our business commitments, we have also not forgotten the less fortunate and continue to provide donations and contributions to various charities and worthy causes.

APPRECIATION

On behalf of the Board, we wish to express our sincere thanks to the management and staff for their unflinching hard work, commitment and dedication in contributing towards the continuing success of the Group.

Appreciation also goes to all our customers, business associates, partners and shareholders for their unbounded support and confidence in the Group. We look forward to your continuous support in the coming year.

There were changes in the Board's composition with the addition of Mr Tan Heng Ta and Mr Goh Kim Chon as Executive Directors, whereas Mr. Mark Ho Hing Kheong and Mr. Law Doung Chin as Independent Non-Executive Directors. We would like to take this opportunity to welcome them to the Board. The Board had accepted the resignation of Encik Mohd Khasan Bin Ahmad, Mr. Ang Poo Guan and Mr. Lee Thiam. We would like to express our gratitude for their contributions to the Group and to wish them well in their future endeavors.

Last but not least, to our Board of Directors, thank you for your continued contribution and guidance rendered to the Group.

Datuk Lim Si Cheng, PJN., PIS

6 May 2011

REPORTS AND FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies are indicated in Note 8 to the Financial Statements.

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

RESULTS

	GROUP RM	COMPANY RM
Profit/(Loss) for the financial year	1,183,647	(114,077)
Attributable to:		
Owners of the Parent	963,754	(114,077)
Non-controlling interests	219,893	-
	1,183,647	(114,077)

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year and the Directors do not recommend any dividend for the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debenture during the financial year.

TREASURY SHARES

During the financial year, the Group had purchased 2,156,200 ordinary shares of RM1.00 each from the open market for a total consideration of RM2,185,781. The repurchased transactions were financed by internally generated funds. The Directors believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act 1965.

As at 31 December 2010, the Group held as treasury shares a total of 2,601,900 (2009: 445,700) ordinary shares of its total issued ordinary shares of 41,981,000. Such treasury shares are held at cost of RM2,568,358 (2009: RM382,577).

DIRECTORS' REPORT (CONT'D)

DIRECTORS

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

Datuk Lim Si Cheng	
Sui Diong Hoe	
Heng Chee Wei	
Tan Heng Ta	(Appointed on 7 January 2011)
Goh Kim Chon	(Appointed on 7 January 2011)
Mark Ho Hing Kheong	(Appointed on 29 March 2011)
Law Doung Chin	(Appointed on 29 March 2011)
Mohd Khasan Bin Ahmad	(Resigned on 9 March 2011)
Ang Poo Guan	(Resigned on 9 March 2011)
Lee Thiam	(Resigned on 19 April 2011)

DIRECTORS' INTEREST IN SHARES

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2010 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act 1965 were as follows:

	Number of shares of RM 1 each		
	At 1.1.2010	Acquired/ (Disposed)	At 31.12.2010

THE COMPANY

Direct interest

Sui Diong Hoe	2,024,238	-	2,024,238
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	Number of warrants 2009/2019		
	At 1.1.2010	Acquired/ (Disposed)	At 31.12.2010
Sui Diong Hoe	2,146,289	-	2,146,289

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations.

By virtue of their interests in the shares of the Company, the Directors are also deemed to be interested in the shares of all the subsidiaries to the extent the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Notes to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interests.

During and at the end of the financial year, the Company was not a party to any arrangement whose object is to enable the Directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the Statements of Comprehensive Income and Statements of Financial Position of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that all known bad debts have been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (b) The Directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts or the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate;
- (c) In the opinion of the Directors:
 - (i) 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 Group or of the Company to meet their obligations as and when they fall due; and
 - (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 substantially affect the financial results of the Group or of the Company for the current financial year.

(III) AS AT THE DATE OF THIS REPORT

- (d) There are no charges on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (e) There are no contingent liabilities of the Group or of the Company which has arisen since the end of the financial year.
- (f) The Directors are not aware of any circumstances not otherwise dealt with in the report of financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

EVENT AFTER BALANCE SHEET DATE

On 31 March 2011, the Company announced that the Group and Malayan Banking Berhad have agreed to amicably settle the legal suit among them relating to the breach of legal obligations owed to the Company by Malayan Banking Berhad. The case is detailed further in Note 36.

DIRECTORS' REPORT (CONT'D)

AUDITORS

The retiring auditors, Messrs RSM Robert Teo, Kuan & Co., have expressed their willingness to continue in office.

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

SUI DIONG HOE
Director

TAN HENG TA
Director

25 April 2011