STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

		GROUP		COMPANY	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
NON-CURRENT ASSETS					
Property, plant and equipment	6	33,299,165	31,339,202	3,945	4,505
Prepaid lease payments	7	3,234,780	3,208,241	-	-
Investments in subsidiaries	8	-	-	44,512,733	33,297,733
Other investments	9	110,400	-	-	-
		36,644,345	34,547,443	44,516,678	33,302,238
CURRENT ASSETS					
Inventories	10	9,290,884	7,191,229	-	-
Trade receivables	11	17,296,530	20,978,959	-	-
Other receivables, deposits and prepayments	12	1,509,497	3,541,768	11,766	91,574
Tax recoverable		8,800	8,800	-	-
Amount owing from subsidiaries	13	-	-	191,277	13,621,196
Short term deposits	14	4,281,690	4,602,237	1,335,022	1,151,097
Cash and bank balances	15	3,000,716	1,928,432	103,475	617,368
		35,388,117	38,251,425	1,641,540	15,481,235
TOTAL ASSETS		72,032,462	72,798,868	46,158,218	48,783,473
EQUITY					
Share capital	16	41,981,000	41,981,000	41,981,000	41,981,000
Treasury shares	17	(2,568,358)	(382,577)	(2,568,358)	(382,577)
Warrant reserve	18	406,828	406,828	406,828	406,828
(Accumulated losses)/ Unappropriated profits		(6,578,171)	(6,548,727)	5,588,169	5,702,246
Equity attributable to shareholders of the Company		33,241,299	35,456,524	45,407,639	47,707,497
Non-controlling interests		-	1,909	-	-
TOTAL EQUITY		33,241,299	35,458,433	45,407,639	47,707,497
NON-CURRENT LIABILITIES					
Hire purchase liabilities	19	3,163,533	1,524,004	-	-
Deferred tax liabilities	20	2,185,251	1,275,251	-	-
		5,348,784	2,799,255	-	-
CURRENT LIABILITIES					
Trade payables	21	12,998,420	13,289,029	-	-
Other payables and accruals	22	2,123,412	4,113,357	275,579	600,976
Amount owing to a subsidiary	13	-	-	475,000	475,000
Hire purchase liabilities	19	1,913,927	806,056	-	-
Term loans	23	-	194,327	-	-
Bank borrowings	24	16,406,620	16,138,411	-	-
		33,442,379	34,541,180	750,579	1,075,976
TOTAL LIABILITIES		38,791,163	37,340,435	750,579	1,075,976
TOTAL EQUITY AND LIABILITIES		72,032,462	72,798,868	46,158,218	48,783,473

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

		GROUP		COMPANY	
		2010	2009	2010	2009
	Note	RM	RM	RM	RM
REVENUE	25	100,392,250	86,886,660	2,400,000	1,950,000
COST OF SALES		(88,496,597)	(73,813,776)	-	-
GROSS PROFIT		11,895,653	13,072,884	2,400,000	1,950,000
OTHER INCOME		1,352,108	2,534,825	35,092	45,049
SELLING AND DISTRIBUTION COSTS		(2,487,804)	(2,153,996)	-	-
ADMINISTRATIVE EXPENSES		(7,041,685)	(6,502,215)	(2,549,169)	(2,776,093)
FINANCE COST	26	(1,481,299)	(1,332,600)	-	-
PROFIT/(LOSS) BEFORE TAXATION	27	2,236,973	5,618,898	(114,077)	(781,044)
TAXATION	28	(1,053,326)	(1,322,451)	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		1,183,647	4,296,447	(114,077)	(781,044)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME		1,183,647	4,296,447	(114,077)	(781,044)
Attributable to:					
Equity holders of the Company		963,754	4,323,393	(114,077)	(781,044)
Non-controlling interests		219,893	(26,946)	-	-
		1,183,647	4,296,447	(114,077)	(781,044)
Earnings per share (sen):	29				
Basic		2.40	10.33		
Diluted		-	-		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Attributable to Equity Holders of the Company						
		Non-distributable		Distributable			
	Share capital RM	Treasury Shares RM	Warrant Reserve RM	Unappropriated Profits/ (Accumulated losses) RM	Total RM	Non-controlling interests RM	Total equity RM
GROUP							
Balance as at 1.1.2009	41,960,000	-	-	(10,872,120)	31,087,880	28,855	31,116,735
Issue of shares	21,000	-	-	-	21,000	-	21,000
Issue of warrants	-	-	406,828	-	406,828	-	406,828
Treasury share purchased	-	(382,577)	-	-	(382,577)	-	(382,577)
Net profit/(loss) for the financial year	-	-	-	4,323,393	4,323,393	(26,946)	4,296,447
Balance as at 31.12.2009	41,981,000	(382,577)	406,828	(6,548,727)	35,456,524	1,909	35,458,433
Treasury shares purchased	-	(2,185,781)	-	-	(2,185,781)	-	(2,185,781)
Net profit for the financial year	-	-	-	963,754	963,754	219,893	1,183,647
Other comprehensive income	-	-	-	-	-	-	-
Acquisition of additional interest in Subsidiary by Company	-	-	-	-	-	(221,802)	(221,802)
Total comprehensive income	-	-	-	963,754	963,754	(1,909)	961,845
Change in interest in subsidiary	-	-	-	(993,198)	(993,198)	-	(993,198)
Balance as at 31.12.2010	41,981,000	(2,568,358)	406,828	(6,578,171)	33,241,299	-	33,241,299

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Attributable to Equity Holders of the Company				
		Non-distributable		Distributable	
	Share capital RM	Treasury shares RM	Warrant reserve RM	Unappropriated Profits/ (Accumulated losses) RM	Total RM
COMPANY					
Balance as at 1.1.2009	41,960,000	-	-	6,483,290	48,443,290
Issue of shares	21,000	-	-	-	21,000
Issue of Warrants	-	-	406,828	-	406,828
Treasury shares purchased	-	(382,577)	-	-	(382,577)
Net loss for the financial year	-	-	-	(781,044)	(781,044)
Balance as at 31.12.2009	41,981,000	(382,577)	406,828	5,702,246	47,707,497
Treasury shares purchased	-	(2,185,781)	-	-	(2,185,781)
Net loss for the financial year	-	-	-	(114,077)	(114,077)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(114,077)	(114,077)
Balance as at 31.12.2010	41,981,000	(2,568,358)	406,828	5,588,169	45,407,639

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	2,236,973	5,618,898	(114,077)	(781,044)
Adjustments for:				
Impairment loss on receivables	-	83,096	-	-
Reversal of impairment loss	(12,893)	-	-	-
Amortisation of prepaid lease payments	24,461	24,036	-	-
Bad debt written off	-	438,124	-	-
Depreciation	5,368,580	5,177,003	560	560
Interest expenses	1,481,299	1,332,600	-	-
Interest income	(156,737)	(106,257)	(35,092)	(45,049)
Loss/ (Gain) on disposal of property, plant and equipment	57,679	(228,802)	-	-
Gain on disposal of subsidiaries	-	(892,859)	-	-
Property, plant and equipment written off	5,000	-	-	-
Net fair value gain on initial designation of quoted securities	(9,600)	-	-	-
Unrealised gain on foreign exchange	(244,210)	(83,789)	-	-
Operating profit/(loss) before working capital changes	8,750,552	11,362,050	(148,609)	(825,533)
Increase in inventories	(2,099,655)	(4,000,365)	-	-
Decrease in trade receivables	3,756,974	2,875,466	-	60,067
Decrease/(Increase) in other receivable, deposits and prepayments	2,035,584	(2,253,873)	79,808	-
(Decrease)/Increase in trade payables	(108,051)	(737,231)	-	412,091
(Decrease)/Increase in other payables and accruals	(1,895,258)	790,259	(325,397)	-
Cash generated from/(used in) operations	10,440,146	8,036,306	(394,198)	(353,375)
Interest received	156,737	106,257	35,092	45,049
Interest paid	(1,481,299)	(1,332,600)	-	-
Tax paid	(143,326)	(56,000)	-	-
Net cash generated from/(used in) operating activities	8,972,258	6,753,963	(359,106)	(308,326)

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Net cash flows on disposal of subsidiaries (Note 30)	-	1,286,400	-	-
Purchase of property, plant and equipment (Note a)	(4,030,766)	(2,005,358)	-	(1,799)
Proceeds from disposal of property, plant and equipment	44,000	772,956	-	-
Purchase of additional shares in a subsidiary	(1,215,000)	-	(1,215,000)	-
Investment in quoted securities	(100,800)	-	-	-
Advances to subsidiaries	-	-	-	(336,047)
Proceeds from disposal of subsidiaries	-	-	-	1,301,000
Repayment from a subsidiary	-	-	3,429,919	-
Net cash (used in)/generated from investing activities	(5,302,566)	53,998	2,214,919	963,154
CASH FLOWS FROM FINANCING ACTIVITIES				
Treasury shares purchased	(2,185,781)	(382,577)	(2,185,781)	(382,577)
Proceeds from issuance of shares	-	21,000	-	21,000
Proceeds from right issue of warrant	-	406,828	-	406,828
Repayment of bank term loans	(1,206,328)	(2,174,145)	-	-
Payment of hire purchase instalments	(806,055)	(1,402,584)	-	-
Net cash (used in)/generated from financing activities	(4,198,164)	(3,531,478)	(2,185,781)	45,251
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(528,472)	3,276,483	(329,968)	700,079
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	(5,511,742)	(8,788,225)	1,768,465	1,068,386
CASH AND CASH EQUIVALENTS CARRIED FORWARD (Note b)	(6,040,214)	(5,511,742)	1,438,497	1,768,465

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Acquisition of property, plant and equipment during the financial year are financed by:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash	4,030,766	2,005,358	-	1,799
Hire purchase	3,553,457	1,402,584	-	-
	7,584,223	3,407,942	-	1,799

(b) Cash and cash equivalents

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Short term deposits (Note 14)	4,281,690	4,602,237	1,335,022	1,151,097
Cash and bank balances (Note 15)	3,000,716	1,928,432	103,475	617,368
Bank overdraft (Note 24)	(13,322,620)	(12,042,411)	-	-
	(6,040,214)	(5,511,742)	1,438,497	1,768,465

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2010

1. 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.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Boards and the provisions of the Companies Act 1965 in Malaysia except that Note 42 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context or Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive issued by Bursa Malaysia Securities Berhad.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated in the financial statements.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the Directors are also required to exercise their judgment in the process of applying the accounting policies. The areas involving such judgments, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries made up to the end of the financial year. Uniform accounting policies are adopted for like transactions and events in similar circumstances. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

All subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are exercisable are taken into account.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

Unrealised profits and losses resulting from intra-group transactions that are recognised in the assets are also eliminated in full.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of consolidation (cont'd)

The Group and the Company had early adopted FRS 127 Consolidated and separate Financial Statements (effective from 1 July 2010) on 1 January 2010. When the Group purchases sibsidairy equity from non-controlling interests, the accretion in the subsidiary is treated as equity transaction. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributed to the owners of the parent.

The Group and the Company had early adopted FRS 3 Business Combination (effective from 1 July 2010) on 1 January 2010, The revised standard introduces the option, on an acquisition-by-acquisition basis, to measure non-controlling interest in a business combination either at fair value or at the non-controlling interest's proportionate share of the net identifiable assets acquired. Goodwill on acquisition will be measured as the difference between the aggregate of fair value of consideration transferred, any non-controlling interest in the acquiree and the fair value at acquisition date of any previously held equity interest in the acquiree (if acquired via "piecerneal acquisition"), and the net identified assets acquired. Any bargain purchase (ie. "negative goodwill") will be recognised directly in the income statement. Any consideration transferred is to be measured at fair value as of the acquisition date. All acquisition-related costs are expensed off in the income statement.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

(c) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

Freehold land is not depreciated. Depreciation is calculated to write off the cost of other property, plant and equipment on straight line basis to their residual values over their expected useful lives at the following annual rates:

Buildings	2%
Plant and machinery	10%
Furniture and fittings	10% - 20%
Office equipment	10% - 20%
Renovation	10% - 20%
Motor vehicles	12% - 20%

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Leases

(i) Finance leases – the Group as lessee

Assets financed by hire purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group, are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. On initial recognition, assets acquired by way of hire purchase are stated at an amount equal to the lower of their fair values and the present values of the minimum hire purchase payments at the inception of the hire purchase agreements. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

In calculating the present value of the minimum hire purchase payments, the discount rate is the interest rate implicit in the hire purchase agreements, if this is practicable to determine, if not, the Group's incremental borrowing rates are used.

Minimum lease payments made under finance leases are apportioned between the finance expense and the 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.

(ii) Operating leases – the Group as lessee

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Lease payments under operating lease are recognised as an expense on a straight-line basis over the lease term. The aggregate benefits of incentives provided by the lessors, if any, are recognised as a reduction of rental expense over the lease term on a straight-line basis.

The prepaid lease payments are amortised on a straight-line basis over the lease periods of between 89 and 99 years in accordance with the pattern of benefits provided. Any gains or losses on surrender or disposal of the leasehold interest in land are recognised in the income statements in the financial year in which they arise.

(e) Investments in subsidiaries

Subsidiaries are entities, including unincorporated entities , controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale.

(f) Goodwill

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

(g) Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost formula. Cost comprises the landed costs of goods purchased and in the case of work-in-progress and finished goods, comprise cost of materials, direct labour, other direct charges and an appropriate proportion of production overhead.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Inventories (cont'd)

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

(h) Impairment of non financial assets

The carrying amounts of assets other than financial (assets excluding the investments in subsidiaries, deferred tax assets and inventories) are reviewed at the end of each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. For goodwill that has an indefinite useful life, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are charged to the income statement. 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 or groups of units on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the higher 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 to the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill, if any, is not reversed. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Reversals of impairment losses are credited to the income statement in the financial year in which the reversals are recognised.

Any subsequent increase in recoverable amount of an asset is recognised as reversal of previous impairment loss and should not exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been previously recognised for the asset.

(i) Financial assets

(A) Initial recognition and measurement

A financial asset is recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. When the financial asset is recognised initially, it is measured at fair value which is normally represented by the transaction price. The transaction price for financial asset not classified at fair value through income statement includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

(B) Subsequent measurement

Subsequent measurement of financial assets depends on the classification of the financial assets on initial recognition and the purpose for which the financial assets were acquired. The Group classifies the financial assets in one of the following four categories:

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Financial assets (cont'd)

(B) Subsequent measurement (cont'd)

(i) Financial assets at fair value through profit or loss (cont'd)

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income. Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are quoted in an active market are classified as loans and receivables. Assets that are for sale immediately or in the near term are not classified in this category.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method except that short term duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant minus any reduction for impairment or uncollectibility. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current. Typically, trade and other receivables are classified in this category.

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are included in equity through the statement of changes in equity except that impairment losses and foreign exchange gains and losses are recognised in profit or loss. The cumulative gain or loss previously recognised in equity is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Financial assets (cont'd)

(B) Subsequent measurement (cont'd)

(iv) Available-for-sale financial assets (cont'd)

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(C) Derecognition of financial assets

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

(D) Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

(i) Available-for-sale financial assets

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost are considerations to determine whether there is objective evidence that the securities are impaired. The determination of what is significant or prolonged involves the exercise of significant judgement. Where such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale shall be not reversed through profit or loss.

(ii) Trade and other receivables and other financial assets carried at amortised cost

An impairment loss is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, a breach of contract or adverse changes in the payment status of the debtor are considerations to determine whether there is any objective evidence that the trade receivable is impaired. To the extent possible, impairment is determined individually for each item. In cases where that process is not possible, a collective evaluation of impairment is performed. As a consequence, the way individual and collective evaluation is carried out and the timing relating to the identification of objective evidence of impairment require significant judgment and may materially affect the carrying amount of receivables at the balance sheet date.

The amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'selling and marketing costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the income statement.

(iii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss 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. Such impairment losses are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, deposits with a licensed financial institution, bank overdrafts and other short term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

For the statements of cash flows, the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

(k) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(A) Initial recognition and measurement

A financial liability is recognised on the balance sheet when, and only when, the entity becomes a party to the contractual provisions of the instrument. On initial recognition the financial liability is recognised at fair value. The fair value is normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(B) Subsequent measurement

Financial liabilities falling within the scope of FRS 139 are classified according to the substance of the contractual arrangements entered into.

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories is as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company has not designated any financial liabilities as at fair value through profit or loss.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transactions costs, and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Financial Liabilities (cont'd)

(B) Subsequent measurement (cont'd)

(ii) Other financial liabilities (cont'd)

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(C) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(l) Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(m) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group and the Company does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is not recognised in the financial statements but is disclosed where the inflow of the economic benefits is probable.

(n) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(o) Financial guarantee contracts

A financial guarantee contracts is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Segment reporting

For management purpose, the Group is organised into operating segments based on their products and services which are independently managed by respective segment manager responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosure on each of these segments are shown in the Financial Statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and cost incurred or to be incurred in respect of the transaction can be measured reliably and specific recognition criteria have been met for each of the Group's activities as follows:

(i) Sale of goods

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and discounts and is recognised in the income statement when significant risks and rewards of ownership have been transferred to the customers.

(ii) Management fees

Management fees are recognised on an accrual basis when services are rendered.

(iii) Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method.

(r) Foreign Currencies

(i) Functional currency

The separate financial statements of each entity in the Group are measured using the functional currency, which is the currency of primary economic environment in which the entity operates.

(ii) Foreign currency transactions and balances

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each balance sheet date, foreign currency monetary items are translated using the exchange rate at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

(iii) Foreign operations

Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations shall be recognised in profit or loss in the financial statements of the Company or the individual financial statements of the foreign operation as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss. On disposal of the foreign operation, the cumulative amount of the exchange differences relating to the foreign operation is recognised in profit or loss when the gain or loss on disposal is recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Foreign Currencies (cont'd)

(iii) Foreign operations (cont'd)

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation is treated as assets and liabilities of the foreign operation and is translated at the exchange rate at the balance sheet date.

(s) Employee Benefits

(i) Short term benefit

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absence such as paid annual leave are recognised when services are rendered by employees and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees' Provident Fund ("EPF"). The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the income statement in the period in which the employee render their services.

(t) Borrowing Costs

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of finance costs. Finance costs comprise interest paid and payable on borrowings. The interest component of hire purchase payments is charged to the income statement over the hire purchase periods so as to give a constant periodic rate of interest on the remaining hire purchase liabilities.

(u) Income Tax

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

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the Income Statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

(v) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded the nominal value and proceeds in excess of the nominal value of shares, if any, are accounted for or share premium. Both ordinary shares and share premium are classified as equity.

Share issuance expenses are charged to profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

4. ADOPTION OF FRSs, AMENDMENTS TO FRSs AND INTERPRETATIONS

4.1 FRSs, Amendments to FRSs and Interpretations adopted

4.1.1 During the financial year, the Group and the Company have adopted the following Financial Reporting Standards, amendments and IC Interpretations:-

(a) FRSs which are effective for annual financial periods beginning on or after 1 July 2009

FRS 8	Operating Segments

(b) FRSs which are effective for annual financial periods beginning on or after 1 January 2010

FRS 1	Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS 2	Amendments to FRS 2 Share-based Payment-Vesting Conditions and Cancellations
FRS 4	Insurance Contracts
FRS 5	Amendment to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosure
	Amendment to FRS 7 Financial Instruments: Disclosures Interpretation 9 Reassessment of Embedded Derivatives
FRS 8	Amendment to FRS 8 [Improvements to FRSs (2009)]
FRS 101	Presentation of Financial Statements
FRS 107	Amendment to FRS 107 [Improvements to FRSs (2009)]
FRS 108	Amendment to FRS 108 [Improvements to FRSs (2009)]
FRS 110	Amendment to FRS 110 [Improvements to FRSs (2009)]
FRS 116	Amendment to FRS 116 [Improvements to FRSs (2009)]
FRS 117	Amendment to FRS 117 [Improvements to FRSs (2009)]
FRS 118	Amendment to FRS 118 [Improvements to FRSs (2009)]
FRS 119	Amendment to FRS 119 [Improvements to FRSs (2009)]
FRS 120	Amendment to FRS 120 [Improvements to FRSs (2009)]
FRS 123	Borrowing Costs
	Amendments to FRS 123 [Improvements to FRSs (2009)]
FRS 127	Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
	Amendment to FRS 127 [Improvements to FRSs (2009)]
FRS 128	Amendment to FRS 128 [Improvements to FRSs (2009)]
FRS 129	Amendment to FRS 129 [Improvements to FRSs (2009)]
FRS 131	Amendment to FRS 131 [Improvements to FRSs (2009)]
FRS 132	Amendment to FRS 132 Financial Instruments: Presentation
FRS 134	Amendment to FRS 134 [Improvements to FRSs (2009)]
FRS 138	Amendment to FRS 138 [Improvements to FRSs (2009)]
FRS 139	Financial Instruments: Recognition and Measurement
FRS 140	Amendment to FRS 140 [Improvements to FRSs (2009)]

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

4. ADOPTION OF FRSs, AMENDMENTS TO FRSs AND INTERPRETATIONS (cont'd)

4.1 FRSs, Amendments to FRSs and Interpretations adopted (cont'd)

4.1.1 During the financial year, the Group and the Company have adopted the following Financial Reporting Standards, amendments and IC Interpretations:- (cont'd)

(c) IC Interpretations which are effective for annual periods beginning on or after 1 January 2010

IC Interpretation 9	Reassessment of Embedded Derivatives Amendments to IC Interpretation 9
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2-Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The key applicable FRSs, Amendments to FRSs and Interpretations which are effective for the Group are as follows:

(i) FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company has elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 has affected the Group's and the Company's financial statements to the extent of the new presentation discussed above.

(ii) FRS 8 Operating Segments

FRS 8 specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purpose of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the product and service provided by the segments, the geographical areas in which the entity operates, and revenue from the entity's major customers.

There is no material impact on the financial statements arising from the adoption of this Standard.

(iii) FRS 7 Financial Instruments: Disclosures

FRS 7 introduces disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The disclosures required under FRS 7 have been made in the financial statements.

(iv) FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items.

There is no material impact on the financial statements arising from the adoption of this Standard.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

4. ADOPTION OF FRSs, AMENDMENTS TO FRSs AND INTERPRETATIONS (cont'd)

4.1 FRSs, Amendments to FRSs and Interpretations adopted (cont'd)

4.1.1 During the financial year, the Group and the Company have adopted the following Financial Reporting Standards, amendments and IC Interpretations:- (cont'd)

(v) IC Interpretation 9 Reassessment of Embedded Derivatives.

This Interpretation prohibits the subsequent reassessment of embedded derivatives unless there is a change in the terms of the host contract that significantly modifies the cash flows that would otherwise be required by the host contract.

This IC Interpretation is not material to the Group or the Company.

(vi) IC Interpretation 10 Interim Financial Reporting and Impairment.

This Interpretation prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial assets carried at cost.

This IC Interpretation is not relevant to the Group or the Company.

(vii) IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions.

This Interpretation requires share-based payment transactions in which the Group receives services from employees as consideration for its own equity instruments to be accounted for as equity settled, regardless of the manner of satisfying the obligations to the employees.

If the subsidiaries grant rights to equity instruments of the Group to its employees, this Interpretation requires the Group to account for the transaction as cash-settled, regardless of the manner the subsidiaries obtain the equity instruments to satisfy its obligations.

This IC Interpretation is not relevant to the Group or the Company.

4.1.2 Early adoption of FRSs

During the financial year, the Group has opted for early adoption of the following revised Financial Reporting Standards which are applicable to the Group

(i) FRS 127 Consolidated and Separate Financial Statements

FRS 127 Consolidated and Separate Financial Statements (effective from 1 July 2010) states that changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The Group and the Company has early adopted FRS 127 on 1 January 2010.

The difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration of RM993,198 has been recognised directly in equity and attributed to the owners of the parent.

(ii) FRS 3 Business Combination

The revised FRS 3 Business Combination (effective from 1 July 2010) introduces the option, on an acquisition-by-acquisition basis, to measure non-controlling interest in a business combination either at fiar value or at the non-controlling interest's proportionate share of the net identifiable assets acquired. Goodwill on acquisition will be measured as the difference between the aggregate of fair value of consideration transferred, any non-controlling interest in the acquiree (if acquired via "piecemeal acquisition"), and the net identifiable asses acquired. Any bargain purchase (ie. negative goodwill") will be recognised directly in the income statement. Any consideration transferred is to be measured at fair values as of the acquisition date. All acquisition-related costs are expensed off in the income statement.

There is no material impact on the financial statements arising from the adoption of this Standard.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

4. ADOPTION OF FRSs, AMENDMENTS TO FRSs AND INTERPRETATIONS (cont'd)

4.2 FRSs, Amendments to FRSs and Interpretations not adopted

4.2.1 The Group has not adopted the following FRSs, Amendments to FRSs and Interpretations that have been issued at that date of authorisation of these financial statements but are not yet effective for the Group.

(a) Amendments to FRSs which are effective for annual financial periods beginning on or after 1 March 2010

Amendments to FRS 132 Financial Instruments: Presentation [Classification of Right Issue]

(b) FRSs which are effective for annual financial periods beginning on or after 1 July 2010

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Amendments to FRS 2
FRS 5	Amendments to FRS 5
FRS 138	Amendments to FRS 138

(c) FRSs which are effective for annual periods beginning on or after 1 January 2011

FRS 1	Additional Exemption for First-time Adopters (Amendments to FRS 1)
	Limited Exemption from Comparative FRS7 Disclosures for First-time Adopters (Amendments to FRS 1)
	Amendments to FRS [Improvements to FRSs (2010)]
FRS 2	Group Cash – Settle Share – based Payment Transactions (Amendments to FRS 2)
FRS 3	Amendments to FRS 3 [Improvements to FRSs (2010)]
FRS 7	Improving Disclosures about Financial Instruments (Amendments to FRS 7)
	Amendments to FRS 7 [Improvements to FRSs (2010)]
FRS 101	Amendments to FRS 101 [Improvements to FRSs (2010)]
FRS 121	Amendment to FRS 121 [Improvements to FRSs (2010)]
FRS 128	Amendments to FRS 128 [Improvements to FRSs [(2010)]
FRS 131	Amendments to FRS 131 [Improvements to FRSs [(2010)]
FRS 132	Amendments to FRS 132 [Improvements to FRSs (2010)]
FRS 134	Amendments to FRS 134 [Improvements to FRSs (2010)]
FRS 139	Amendments to FRS 139 [Improvements to FRSs (2010)]

(d) IC Interpretations which are effective for annual periods beginning on or after 1 July 2010

IC Interpretation 9	Amendments to IC Interpretation 9
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

(e) Amendment and IC Interpretations which are effective for annual periods beginning on or after 1 January 2011

IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 13	Amendments to IC Interpretation 13 [Improvement to FRSs (2010)]
IC Interpretation 18	Transfer of Assets from Customers

(f) IC Interpretations which are effective for annual periods beginning on or after 1 July 2011

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

(g) FRS which is effective for annual periods beginning on or after 1 January 2012

FRS 124	Related Party Disclosures

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

4. ADOPTION OF FRSs, AMENDMENTS TO FRSs AND INTERPRETATIONS (cont'd)

4.2 FRSs, Amendments to FRSs and Interpretations not adopted (cont'd)

4.2.1 The Group has not adopted the following FRSs, Amendments to FRSs and Interpretations that have been issued at that date of authorisation of these financial statements but are not yet effective for the Group. (cont'd)

(h) IC Interpretations which are effective for annual periods beginning on or after 1 January 2012

IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 15	Amendments to IC Interpretation 15 Agreement for the Construction of Real Estate

The Group and the Company do not expect any material impact on the financial statements arising from the adoption of this amendment in the period of initial application.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The critical judgements made in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below. These estimates and assumptions are periodically monitored to make sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

5.1 Critical Judgments made in applying accounting policies

Judgements have been made by the management in applying the Group's accounting policies. Amongst others, the judgement made by the management on the possible outcome of the material litigation as detailed further in Note 36 may have significant effect on the basis of accounting as stated in Note 3(a).

5.2 Key sources of estimation uncertainty

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

Depreciation of plant and machinery

The cost of machinery for the manufacture of plastic products is depreciated on a straight line basis over the assets' useful lives. The management estimated the useful lives of these plant and machinery to be 10 years. These are common life expectancies applied in plastic industry. Any changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. However, the management does not expect such changes to have significant impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

6. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:-

GROUP 2010	Land and buildings RM	Plant and machinery RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Motor vehicles RM	Total RM
Cost							
At 1.1.2010	17,418,237	77,930,189	1,936,092	1,582,033	922,507	344,077	100,133,135
Addition	232,060	6,537,073	-	74,313	500	689,277	7,533,223
Disposal	-	(1,112,145)	-	-	-	-	(1,112,145)
Reclassification	(98,000)	-	-	(122)	-	(38,100)	(136,222)
Written off	-	(5,000)	-	-	-	-	(5,000)
At 31.12.2010	17,552,297	83,350,117	1,936,092	1,656,224	923,007	995,254	106,412,991
Accumulated depreciation							
At 1.1.2010	4,348,044	60,402,737	1,833,054	1,299,802	697,175	213,121	68,793,933
Charge for the financial year	379,871	4,707,615	45,876	91,628	55,972	87,618	5,368,580
Disposal	-	(1,010,465)	-	-	-	-	(1,010,465)
Reclassification	6,828	-	-	(118)	(6,829)	(38,103)	(38,222)
At 31.12.2010	4,734,743	64,099,887	1,878,930	1,391,312	746,318	262,636	73,113,826
Net carrying amount							
At 31.12.2010	12,817,554	19,250,230	57,162	264,912	176,689	732,618	33,299,165

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

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

GROUP 2009	Land and buildings RM	Plant and machinery RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Motor vehicles RM	Total RM
Cost							
At 1.1.2009	17,002,608	75,559,413	1,940,322	1,499,402	731,407	1,244,225	97,977,377
Addition	415,629	2,648,276	12,079	90,458	191,100	50,400	3,407,942
Disposal	-	(277,500)	-	-	-	(950,548)	(1,228,048)
Elimination on disposal of subsidiaries	-	-	(16,309)	(7,827)	-	-	(24,136)
At 31.12.2009	17,418,237	77,930,189	1,936,092	1,582,033	922,507	344,077	100,133,135
Accumulated depreciation							
At 1.1.2009	3,918,387	56,146,409	1,778,345	1,217,872	652,359	600,477	64,313,849
Charge for the financial year	429,657	4,497,677	63,242	86,422	44,816	55,189	5,177,003
Disposal	-	(241,349)	-	-	-	(442,545)	(683,894)
Elimination on disposal of subsidiaries	-	-	(8,533)	(4,492)	-	-	(13,025)
At 31.12.2009	4,348,044	60,402,737	1,833,054	1,299,802	697,175	213,121	68,793,933
Net carrying amount							
At 31.12.2009	13,070,193	17,527,452	103,038	282,231	225,332	130,956	31,339,202

COMPANY 2010	Furniture and fittings RM	Office equipment RM	Total RM
Cost			
At 1.1.2010	261,733	13,669	275,402
Addition	-	-	-
At 31.12.2010	261,733	13,669	275,402
Accumulated depreciation			
At 1.1.2010	261,730	9,167	270,897
Charge for the financial year	-	560	560
At 31.12.2010	261,730	9,727	271,457
Net carrying amount			
At 31.12.2010	3	3,942	3,945

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

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

COMPANY 2009	Furniture and fittings RM	Office equipment RM	Total RM
Cost			
At 1.1.2009	261,733	11,870	273,603
Addition	-	1,799	1,799
At 31.12.2009	261,733	13,669	275,402
Accumulated depreciation			
At 1.1.2009	261,730	8,607	270,337
Charge for the financial year	-	560	560
At 31.12.2009	261,730	9,167	270,897
Net carrying amount			
At 31.12.2009	3	4,502	4,505

The net carrying amount of land and buildings of the Group comprise:

	GROUP 2010 RM	2009 RM
Freehold land and buildings	235,137	242,103
Factory buildings on leasehold land classified as prepaid lease payments	12,582,417	12,828,090
	12,817,554	13,070,193

The following property, plant and equipment of a subsidiary stated at net carrying amount are charged to licensed banks for banking facilities granted to the Group. The charge is in the midst of being discharged as the loan has been fully repaid during the financial year (Note 23):

	GROUP 2010 RM	2009 RM
Buildings	929,511	951,382
Plant and machinery	1,124,861	1,603,483
	2,054,372	2,554,865

Included in the net carrying amount of property, plant and equipment of the Group are the following assets which are under hire purchase financing:

	GROUP 2010 RM	2009 RM
Plant and machinery	6,299,338	1,152,011
Motor vehicles	638,729	46,791
	6,938,067	1,198,802

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

7. PREPAID LEASE PAYMENTS

	GROUP 2010 RM	GROUP 2009 RM
Cost		
At 1 January	3,593,337	3,593,337
Addition (Disposal)	51,000	-
At 31 December	3,644,337	3,593,337
Accumulated amortisation		
At 1 January	385,096	361,060
Amortisation for the financial year	24,461	24,036
At 31 December	409,557	385,096
Net carrying amount		
At 31 December	3,234,780	3,208,241

Included in the above is prepaid lease payments with net carrying amount of RM1,213,800 (2009: RM1,213,800) which is charged to a licensed bank for banking facilities granted to the Group (Note 23).

8. INVESTMENT IN SUBSIDIARIES

	COMPANY 2010 RM	COMPANY 2009 RM
Unquoted shares, at cost	44,512,733	33,297,733

The details of the subsidiary companies are as follows:-

Name of company	Date and place of incorporation	Issued and paid up share capital	Effective equity interests 2010	Effective equity interests 2009	Principal activities
		RM	%	%	
Ralco Plastic Sdn. Bhd.	21.2.1989 Malaysia	33,940,790	100	100	Manufacturing of and trading in plastic bottles, containers, boxes, crates and related materials
Ralco Holdings Sdn. Bhd.	9.3.1989 Malaysia	57,146	100	100	Inactive
Ralco Trading Sdn. Bhd. (formerly known as Ralco Coolers Sdn. Bhd.)	21.6.1989 Malaysia	350,000	100	100	Inactive
Ralco Compounding Sdn. Bhd.	23.11.2006 Malaysia	1,000	100	100	Inactive
Temasek Bay Sdn. Bhd.	17.11.2009 Malaysia	100,000	100	70	Palm oil packers, trading of palm oil products, manufacturers of or dealers in packaging materials and all related products

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

8. INVESTMENT IN SUBSIDIARIES (cont'd)

On 27 May 2010, the Company has subscribed for additional 10,000,000 new ordinary shares in Ralco Plastic Sdn Bhd of RM1.00 each at par by way of capitalisation of part of the amount owning by the said subsidiary to the company.

On 19 November 2010, the Company has acquired the remaining 30% of the issued and paid-up capital of Temasek Bay Sdn. Bhd. at a total consideration of RM1,215,000. The difference between amount by which the non-controlling intrests is adjusted and the fair value of the consideration of RM993,198 has been recognised directly in equity.

9. OTHER INVESTMENTS

	GROUP	
	2010 RM	2009 RM
Non-current		
Financial assets at fair value through profit or loss:		
-Held for trading	110,400	-
Representing item:		
-Market value of quoted investments	110,400	-

10. INVENTORIES

	GROUP	
	2010 RM	2009 RM
Raw materials	3,805,435	4,187,845
Finished goods	5,485,449	3,003,384
	9,290,884	7,191,229

11. TRADE RECEIVABLES

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade receivables	17,514,331	21,209,653	-	-
Less: Impairment loss	(217,801)	(230,694)	-	-
	17,296,530	20,978,959	-	-

The currency exposure profile of trade receivables is as follows:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Ringgit Malaysia	16,214,145	20,111,354	-	-
Singapore Dollar	1,082,385	867,605	-	-
	17,296,530	20,978,959	-	-

Trade receivables are granted credit period of 30 to 90 days (2009: 30 to 90 days). For certain customers, the credit period may be extended at the discretion of the management.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Other receivables	151,992	356,042	-	79,017
(Less: impairment loss)	(145,829)	(145,829)	-	-
	6,163	210,213	-	79,017
Deposits	838,261	2,895,718	2,289	1,000
Prepayments	665,073	435,837	9,477	11,557
	1,509,497	3,541,768	11,766	91,574

Included in the deposit of the Group are amounts totalling RM264,337 (2009: RM1,933,747) representing deposits paid for the acquisition of property, plant and equipment. The capital commitment has been disclosed in Note 32.

13. AMOUNT OWING FROM/(TO) SUBSIDIARIES

COMPANY

The amount owing from/(to) the subsidiaries represent unsecured advances which are interest-free and repayable on demand.

14. SHORT TERM DEPOSITS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Fixed deposits with licensed banks	1,902,315	1,512,506	250,458	100,283
Investment funds placed with a financial institution	2,379,375	3,089,731	1,084,564	1,050,814
	4,281,690	4,602,237	1,335,022	1,151,097

The fixed deposits have maturity period of 1 month (2009: 1 month). The effective interest rates of the fixed deposits are between 2.00% and 2.75% (2009: 2.00% and 3.00%) per annum.

The investment funds generate an effective rate of return of 4.50% (2009: 4.50%) per annum.

15. CASH AND BANK BALANCES

The foreign currency exposure profile of cash and bank balances are as follows:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Ringgit Malaysia	2,505,785	1,681,677	103,475	617,368
Singapore Dollar	137,704	157,499	-	-
US Dollar	357,227	89,256	-	-
	3,000,716	1,928,432	103,475	617,368

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

16. SHARE CAPITAL

	COMPANY			
	2010 No. of shares	2009 No. of shares	2010 RM	2009 RM
Ordinary shares of RM1 each				
Authorised	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid				
As at 1 January	41,981,000	41,960,000	41,981,000	41,960,000
Issued during the financial year	-	21,000	-	21,000
As at 31 December	41,981,000	41,981,000	41,981,000	41,981,000

In previous financial year, the issued and paid-up share capital of the Company was increased from RM 41, 960, 000 to RM41, 981,000 by the way of issue of 21,000 new ordinary shares of RM1.00 each at par for cash pursuant to conversion of Warrant 2004/2009. The above mentioned shares rank pari-prassv in all respects with the existing shares of the company.

17. 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 41,981,000. Such treasury shares are held at cost of RM2,568,358. (2009: RM382,577)

18. WARRANT RESERVE

	GROUP AND COMPANY	
	2010 RM	2009 RM
Warrant reserve	406,828	406,828

(a) Warrant 2004/2009

In previous years, there were 10,490,000 unexercised warrants in issue which entitle the registered holders to subscribe for one new ordinary shares of RM 1 each for every warrant held. The warrants 2004/2009 have expired on 20 November 2009.

(b) Warrants 2009/2019 ("New Warrants")

On 7 April 2009, the Company has announced a proposal which comprises of Proposed Rights Issue of Warrants and Proposed Restricted Issue of Warrants.

The shareholders had, at the Extraordinary General Meeting held on 25 June 2009, approved the proposals.

On 22 December 2009, the Company issued 20,340,955 Warrants 2009/2019 pursuant to the following terms:

(i) Renounceable rights issue of 16,628,640 Warrants 2009/2019 to all the shareholders of Company on the basis of two (2) Warrants 2009/2019 for every five (5) ordinary shares of RM1.00 each held in the Company at 5.00pm on 23 November 2009; and

(ii) Restricted issue of 3,712,315 Warrants 2009/2019 to the holders of the unexercised Warrants 2004/2009 on 22 November 2010, being the expiry date of the Warrants 2004/2009 ("Expiry Date") on the basis of two (2) Warrants 2009/2019 for every five (5) unexercised Warrants 2004/2009 held on the Expiry Date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

18. WARRANT RESERVE (cont'd)

(b) Warrants 2010/2019 ("New Warrants") (cont'd)

The Salient terms of the New Warrants are set out below:

(i) The New Warrants are issued in registered form and constituted by a Deed Poll dated 3 November 2009 and entitle the registered holders to subscribe for one (1) new ordinary share of RM1.00 each in the Company at exercise price of RM1.00 per new share, subject to the adjustments in accordance with the provisions of the Deed Poll at the issue price of RM0.02 per New Warrants.

(ii) The New Warrants may be exercised at any time within ten (10) years commencing on and including the date of issuance of the New Warrants and ended at the close of business at 5.00 pm on the date preceding the tenth (10th) anniversary of the date of issuance, or if such date is not a Market Day, then it shall be Market Day immediately preceding the said non-Market Day, but excluding the three (3) clear Market Days prior to a book closure date or entitlement date announced by the Company and those days during that period on which the Record of Depositors and/or Warrants Register is/are closed. Any New Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.

(iii) Upon exercise of the New Warrants into new ordinary shares, such shares shall rank pari passu in all respects with the existing ordinary shares of the Company in issue at the date of allotment of the new ordinary shares except that the new ordinary shares shall not be entitled to any dividend, right, allotment and/or other forms of distribution where the entitlement date of such dividend, right, allotment and/or other forms of distribution precedes the relevant date of allotment and issuance of the new ordinary shares.

(iv) The exercise price and/ or number of unexercised New Warrants shall be adjusted in the event of alteration to the share capital, capital distribution or issue of shares in accordance with the provisions of the Deed Poll.

19. HIRE-PURCHASE LIABILITIES

	GROUP	
	2010 RM	2009 RM
Minimum hire-purchase instalments:-		
- not later than 1 year	2,200,081	932,988
- later than 1 year and not later than 5 years	3,324,621	1,612,430
- later than five years	68,413	-
	5,593,115	2,545,418
Unexpired term charges	(515,655)	(215,358)
Outstanding principal amount due	5,077,460	2,330,060
Outstanding principal due not later than 1 year	(1,913,927)	(806,056)
Outstanding principal amount due later than 1 year	3,163,553	1,524,004

The principal amount due later than one year is as follows:

	GROUP	
	2010 RM	2009 RM
Later than 1 year and not later than 5 years	3,096,217	1,524,004
Later than 5 years	67,316	-
	3,163,533	1,524,004

The hire-purchase payables bear effective interest rate ranges from 6.15% to 7.21% (2009: 4.63% to 6.89%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

20. DEFERRED TAX

(a) Deferred tax liabilities

	GROUP	
	2010	2009
	RM	RM
At 1 January	1,275,251	-
Transfer to income statement (Note 28)	910,000	1,275,251
At 31 December	2,185,251	1,275,251

The balances in the deferred tax liabilities are made up of tax effects of temporary differences arising from:

	Group	
	2010	2009
	RM	RM
Deferred tax liabilities		
Excess of net book value over tax written down value of property, plant and equipment	3,849,682	4,177,261
Deferred tax assets		
Unabsorbed capital allowances	(1,387,997)	(2,685,923)
Unutilised tax losses	(162,590)	(162,590)
Other temporary differences	(113,844)	(53,497)
	(1,664,431)	(2,902,010)
	2,185,251	(1,275,251)

(b) Deferred tax assets

The Group has the deferred tax assets amounting to RM411,794 (2009: RM528,456) which are not recognised in the financial statements as there is uncertainty that future taxable profit will be available against which the assets can be utilised:

The deferred tax assets are made up of the tax effects of temporary differences arising from:

	GROUP	
	2010	2009
	RM	RM
Excess of net book value over tax written down value of property, plant and equipment	2,424	150,364
Unabsorbed capital allowances	(1,059,620)	(312,172)
Unutilised tax losses	(589,980)	(1,952,016)
	(1,647,176)	(2,113,824)

21. TRADE PAYABLES

The currency exposure profile of trade payables is as follows:

	GROUP	
	2010	2009
	RM	RM
Ringgit Malaysia	10,886,161	10,576,799
US Dollar	2,112,259	2,712,230
	12,998,420	13,289,029

The normal credit periods granted by trade suppliers is 90 days (2009: 90 days).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

22. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Other payables	600,797	1,640,772	-	-
Accruals	1,522,615	2,472,585	275,579	600,976
	2,123,412	4,113,357	275,579	600,976

The currency exposure profile of other payables are as follows:

	2010 RM	2009 RM
Ringgit Malaysia	569,775	1,565,740
US Dollar	31,022	75,032
	600,797	1,640,772

In previous year, included in other payables of the Group is an amount of RM289,790 which represents unsecured advances from a former director of a subsidiary. The amount is interest free and repayable by 4 monthly equal and consecutive instalments of RM58,000 and one final instalment of RM57,790 commencing from 1 January 2010. The amount has been fully repaid during the financial year.

23. TERM LOANS

	GROUP	
	2010 RM	2009 RM
Term loans bearing interest rate of 8% (2009: 8%) per annum, repayable by equal monthly instalments commencing August 2003	-	194,327

The term loans of a subsidiary are secured by a first party legal charge over a leasehold land classified as prepaid lease payments together with the building of the said subsidiary and specific debentures on certain plant and machinery of the said subsidiary referred to in Note 6 and 7. All the term loans are also guaranteed by the Company. The term loan has been fully repaid during the financial year.

24. BANK BORROWINGS

	GROUP	
	2010 RM	2009 RM
Unsecured		
Bills payable	3,084,000	4,096,000
Bank overdrafts	13,322,620	12,042,411
	16,406,620	16,138,411

The bills payable bears effective interest rates ranging from 3.66% and 5.16% (2009: 3.63% to 4.34%) per annum.

The Bank overdrafts bear effective interest rate of 3.50% above the base lending rate per annum.

The bank which granted the overdraft facilities to a subsidiary company has demanded for full repayment of facilities. The subsidiary company has continued to accrue all interest based on the rate stipulated in the Letter of Offer. The status of the litigation is detailed in Note 36.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

25. REVENUE

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Sale of goods	100,392,250	86,886,660	-	-
Management fees	-	-	2,400,000	1,950,000
	100,100,296	86,886,660	2,400,000	1,950,000

26. FINANCE COST

	GROUP	
	2010 RM	2009 RM
Interest on bills payable	96,542	136,231
Interest on bank term loans	4,489	31,968
Interest on bank overdrafts	1,166,591	1,060,505
Hire purchase term charges	213,677	103,896
	1,481,299	1,332,600

27. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is stated after charging:-

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Impairment loss on receivables	-	83,096	-	-
Reversal of impairment loss	(12,893)	-	-	-
Auditors' remuneration				
- statutory audit				
- current year	78,400	81,400	20,000	23,000
- (over)/ under provision in prior year	(11,000)	6,500	-	6,500
- other services	25,000	18,400	25,000	16,500
Amortisation of prepaid lease payments	24,461	24,036	-	-
Bad debt written off	-	438,124	-	-
Depreciation	5,368,580	5,177,003	560	560
Directors' remuneration				
- fees	168,000	168,000	168,000	168,000
- other emoluments				
- current year	1,009,188	941,220	807,020	941,220
- under provision in prior year	-	201,600	-	201,600
Interest expense (Note 26)	1,481,299	1,332,600	-	-
Loss/(Gain) on disposal of property, plant and equipment	57,679	(228,802)	-	-
Operating leases				
- rental of premises	675,667	615,308	23,539	23,539
Property, plant and equipment written off	5,000	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

27. PROFIT/(LOSS) BEFORE TAXATION (cont'd)

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
And crediting:-				
Gain on foreign exchange				
- realised	(688,668)	(946,277)	-	-
- unrealised	(244,210)	(83,789)	-	-
Gain on disposal of subsidiaries	-	(892,859)	-	-
Interest income received from:				
- fixed deposits	(31,645)	(10,212)	(1,342)	-
- investment funds	(125,092)	(96,045)	(33,750)	(45,049)
Rental income	(240,000)	(240,000)	-	-

28. TAXATION

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Current financial year				
- income tax expense	135,478	47,200	-	-
- deferred taxation (Note 20)	910,000	1,275,251	-	-
	1,045,478	1,322,451	-	-
Under provision in prior financial years				
- income tax expense	7,848	-	-	-
Total tax expense	1,053,326	1,322,451	-	-

The numerical reconciliation between the tax expense and the product of accounting results multiplied by the applicable tax rate is as follows:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit/(Loss) before tax	2,236,973	5,618,898	(114,077)	(781,044)
Tax at the applicable tax rate of 25% (2009: 25%) for the Group and the Company	559,242	1,404,724	(28,519)	(195,261)
Tax effects in respect of:				
Tax effect of expenses not deductible in determining taxable profit	513,841	18,795	52,284	29,994
Temporary differences not recognised during the financial year	(27,605)	(101,068)	(23,765)	165,267
	1,045,478	1,322,451	-	-

Based on the prevailing tax rate of 25% applicable to dividends for the financial year , approximately RM1,281,000 out of the unappropriated profit of the Company at financial year end (2009: RM1,281,000) is covered by estimated tax credits available under Section 108 of the Income Tax Act 1967 for distribution of dividends. The Company also has approximately RM13,365,000 (2009: RM13,365,000) in the tax exempt income account available for distribution of tax exempt dividends.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

29. EARNINGS PER SHARE

(a) Basis earnings per share

The basic earnings per share is calculated based on consolidated net profit for the financial year attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the financial year.

	2010	2009
Profit attributable to ordinary equity holders of the Company (RM)	963,754	4,323,393
Weighted average number of ordinary shares in issue	40,231,242	41,848,692
Basic earnings per share (sen)	2.40	10.33

(b) Diluted earnings per ordinary share

The diluted earnings per share is not disclosed as the potential ordinary shares arising from the full conversion of warrants at fair value, have an anti-dilutive effect.

30. ANALYSIS OF DISPOSAL OF SUBSIDIARIES

Disposal of subsidiaries in previous financial year

In the previous financial year, the shares in Ralco Bidara Sdn. Bhd. and Ralco Construction Sdn. Bhd. were disposed of for consideration of RM1,301,000.

The effects of disposal of the subsidiaries on the consolidated income statement, consolidated balance sheet and consolidated cash flow statement are as follows:

(i) The effect on consolidated income statement:

	2009 RM
Gross revenue	69,871
Cost of sales	(66,424)
Expenses	(46,368)
Loss before tax	(42,921)
Tax expense	-
Loss after tax	(42,921)

(ii) The effect on consolidated balance sheet:

	2009 RM
Non-current assets	11,111
Current assets	2,063,959
Current liabilities	(1,666,929)
Decrease in Group's share of net assets	408,141

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

30. ANALYSIS OF ACQUISITION / DISPOSAL OF SUBSIDIARIES (cont'd)

(iii) The effect on consolidated cash flow statements:

	2009 RM
Non-current assets	11,111
Current assets	2,063,959
Current liabilities	(1,666,929)
Gain on disposal of subsidiaries	892,859
Disposal proceeds	1,301,000
Less: Cash and cash equivalents disposed	14,600
Net cash flows on disposal of subsidiaries	1,286,400

31. STAFF COST

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Salaries, wages, allowances and bonuses	9,532,996	8,854,383	1,773,659	1,825,766
Defined contribution plan				
- EPF contributions	775,994	542,564	278,359	181,218
Social security costs				
- SOCSO contributions	63,994	52,924	7,048	7,058
Other staff related expenses	806,285	347,237	-	-
	11,179,269	9,797,108	2,059,066	2,014,042

32. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Contracted but not provided for :				
Acquisition of property, plant and equipment	259,380	385,566	-	-

33. RELATED PARTY DISCLOSURES

(a) The Company has controlling related party relationship with its subsidiaries.

(b) In addition to information disclosed elsewhere in the Financial Statements, the Group has the following significant transactions with related parties during the financial year are as follows:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Management fees charged to subsidiaries	-	-	2,400,000	1,950,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

33. RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of key management personnel

The key management personnel are the Directors of the Company. The remuneration of Directors of the Company during the financial year comprises:

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Fees	168,000	168,000	168,000	168,000
Other emoluments				
- current year	901,188	883,000	720,620	883,000
- under provision in prior year	-	180,000	-	180,000
- Defined Contribution Plan				
- current year	108,000	58,220	86,400	58,220
- under provision in prior year	-	21,600	-	21,600
Total compensation	1,177,188	1,310,820	975,020	1,310,820

34. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Unsecured corporate guarantees given to banks for credit facilities granted to subsidiaries	-	-	34,450,000	44,001,000

The corporate guarantee or RM12,400,000 which has been given by the Company to secure a term loan of a subsidiary of RM194,327 is in midst of being discharged as the loan has been fully repaid as at the end of the financial year.

35. OPERATING LEASE ARRANGEMENTS

The Group as lessee

The Group leases warehouse, hostels for employees and office premises under cancellable and non-cancellable operating leases for its operations. These leases have an average tenure of 1 to 2 years.

The future minimum lease payments under non-cancellable operating leases are as follows:

	GROUP	
	2010	2009
	RM	RM
Not later than one year	540,000	300,000
Later than one year and not later than five years	-	444,000
	540,000	744,000

36. MATERIAL LITIGATION

GROUP

On 23 July 2008, the Company and a subsidiary (Ralco Plastic Sdn Bhd) ("RPSB") filed a civil suit against a Malayan Banking Berhad ("MBB") for breach of their legal obligations owed to RPSB ("Company's Suit"). The Company and RPSB are now claiming from the MBB for special and general damages together with interest thereon and also for certain declarations and orders.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

36. MATERIAL LITIGATION (cont'd)

GROUP (cont'd)

On 25 February 2009, the Company and RPSB were served with a Writ of Summons by the MBB demanding full repayment of the facilities granted to RPSB in which the Company is the corporate guarantor. The total amount claimed by MBB against the Group is RM10,698,151 together with interest calculated at 3.50% above the base lending rate per annum commencing from 1 November 2009 till the settlement of this case ("MBB's Suit"). On 2 June 2010, the Group has filed a defence and counter claim, disputing the MBB's Suit and the counterclaim filed is similar with the Company's claim in the Company's Suit.

On 31 March 2011, the Company announced that both parties have agreed to amicably settle the case. The Company, the subsidiary and MBB recorded a Consent Order in full and final settlement of their respective claims against each other. The salient terms of the Consent Order are as follows:-

(i) RPSB is to pay MBB the sum of RM 9,620,000 (Settlement Sum);

(ii) MBB agrees to convert the Settlement Sum into a term loan in which RPSB is to repay to MBB the Settlement Sum together with interest at the rate of 8% per annum by way of agreed monthly instalment over a period of 6 years (Term Loan);

(iii) MBB agrees and confirms that for the duration of the Term Loan, the Term Loan shall not be reviewed nor will MBB exercise any right to demand immediate full payment of the Settlement Sum save where RPSB is in default of the agreed scheduled repayments or the terms and conditions of the term Loan that are not inconsistent with the terms of spirit of the Consent Order;

(iv) As security of the performance of RPSB's obligation under the Term Loan, the Company agrees to execute a guarantee in favour of MBB; and

(v) MBB may grant additional banking facilities to RPSB upon terms and conditions to be agreed upon subject always to MBB's credit assessment of RPSB and the Company and final approval of MBB's approving authority.

As a result of this settlement, interest and penalty previously accrued up to 31 December 2010 amounting to approximately RM3.7 million will be reversed in the financial year ending 31 December 2011.

37. SEGMENTAL REPORTING

Two reportable segments, as described below, are the Group's strategic business units. For each of the strategic business units, the Group's Manageing Director reviews internal management reports on at least a quarterly basis. The following summary describes the operation in each of the Group's reportable segments:

Plastic products	-	manufacturing and sale of plastic products
Others	-	oil packing, buying and selling of palm oil products, manufacturing or dealing in packaging materials and all related products.

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

Segment assets
The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities
Segment liabilities information is neither included in the internal management reports nor provided regularly to the Managing Director. Hence no disclosure is made on segment liability.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

37. SEGMENTAL REPORTING (cont'd)

2010	Plastic products RM	Others RM	Eliminations RM	Group RM
Revenue				
Sales to external customers	91,131,286	9,260,964	-	100,392,250
Inter-segment sales	6,449,156	-	(6,449,156)	-
Total revenue	97,580,442	9,260,964	(6,449,156)	100,392,250
Results				
Segment operating profit/(loss)	5,339,820	(1,621,548)	-	3,718,272
Finance costs	(1,441,579)	(39,720)	-	(1,481,299)
Profit/(Loss) before tax				2,236,973
Tax expense				(1,053,326)
Net profit for the financial year				1,183,647
Other information				
Segment assets	68,566,020	4,094,882	(628,440)	72,032,462
Segment liabilities	37,796,011	1,623,592	(628,440)	38,791,163
Depreciation and amortisation	5,228,852	164,189	-	5,393,041

2009	Plastic products RM	Others RM	Group RM
Revenue			
Sales	86,877,893	8,767	86,886,660
Inter-segment sales	-	-	-
External sales	86,877,893	8,767	86,886,660
Results			
Segment operating profit/(loss)	8,877,447	(1,925,949)	6,951,498
Finance costs	1,320,621	11,979	1,332,600
Profit before tax			5,618,898
Tax expense			(1,322,451)
Net profit for the financial year			4,296,447
Other information			
Segment assets	69,393,982	3,404,886	72,798,868
Segment liabilities	36,050,823	1,289,612	37,340,435
Depreciation and amortisation	5,154,344	46,695	5,201,039

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

37. SEGMENTAL REPORTING (cont'd)

Major customers

The following are major customers with revenue equal or more than 10 percent of Group revenue:

	2010 RM	2009 RM	Segment
All common control companies of:			
- Customer A	13,988,356	9,752,474	Plastic Products
- Customer B	11,923,259	12,543,167	Plastic Products

38. FINANCIAL INSTRUMENTS

(A) Financial risk management

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

(I) Credit risk
(II) Liquidity risk
(III) Market risk

(I) Credit risk

Credit risk is the risk of a 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 and financial guarantees given.

(a) Receivables

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

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.

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

	GROUP	
	2010 **RM**	**2009** **RM**
Plastic products	16,354,329	21,209,653
Others	1,160,002	-
	17,514,331	21,209,653

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

38. FINANCIAL INSTRUMENTS (cont'd)

(A) Financial risk management (cont'd)

(I) Credit risk (cont'd)

(a) Receivables (cont'd)

The aging analysis of trade receivables as at the end of the reporting period was:

	GROUP	
	2010	2009
	RM	RM
Neither past due nor impaired	10,162,638	8,380,102
Past due, not impaired		
1-30 days	4,837,498	6,452,996
31-60 days	1,646,299	3,654,002
61-90 days	294,059	2,147,118
More than 90 days	356,036	344,741
Pass due and impaired		
More than 90 days	217,801	230,694
	17,514,331	21,209,653

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

The management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated 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 60 days, which are deemed to have higher credit risk, are monitored individually.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM7,133,892 (2009: RM12,598,857) that are past due at the reporting date but not impaired are unsecured in nature. The Group has subsequently collected RM7,120,720 out of the outstanding balances. The Group monitors these counterparties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

Receivables that are past due and impaired

Movement in impairment loss is as follows:

	GROUP	
	2010	2009
	RM	RM
As at 1 January	230,694	147,598
Charge for the financial year	-	83,096
Reversal of impairment losses	(12,893)	-
As at 31 December	217,801	230,694

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

38. FINANCIAL INSTRUMENTS (cont'd)

(A) Financial risk management (cont'd)

(I) Credit risk (cont'd)

(b) Investments

The investment in quoted securities is minimal to the Group. As at the end of the reporting period, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

(c) Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary.

The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

The maximum exposure to credit risk amounts to RM16,406,620 (2009: RM16,332,738) representing the outstanding banking facilities of the subsidiary as at end of the reporting period.

As at end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(d) Inter company balances

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

As at 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.

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. These advances have been overdue for less than a year.

(II) 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.

(III) 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.

(i) Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of Group. The currencies giving rise to this risk are primarily Singapore Dollar (SGD) and U.S. Dollar (USD). The management monitors the foreign currency exposure on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

38. FINANCIAL INSTRUMENTS (cont'd)

(A) Financial risk management (cont'd)

(III) Market risk (cont'd)

(i) Currency risk (cont'd)

Whilst the Group's operating results are subject to the effect of change in exchange rate, the Group constantly monitors the net effect by having purchase and sale transactions in the same currency to minimise the exposure of foreign currency exchange risk. Hence, the Directors are of the view that there is no material impact and hence no sensitivity analysis could be presented.

(ii) Interest rate risk

The Group borrows for its operations at variable rates to finance its capital expenditure and working capital requirements. The Management monitors the prevailing interest rates at regular intervals.

The Group also earn interest income derived from the placement of short-term deposits with licensed banks and financial institutions.

Sensitivity analysis for interest rate risk:

At the reporting date, if interest rates had been 50 basis points lower/ higher, with all other variables held constant, the Group's profit after tax would have been RM79,000 higher/ lower, arising mainly as a result of lower/ higher interest expenses on floating interest rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(iii) Other price risk

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

There are no material investments in equity securities to the Group and hence no sensitivity analysis has been presented.

(B) Fair value of financial instruments

(I) Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

(II) Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions :
- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default.
- The estimated loss exposure if the party guaranteed were to default.

(C) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

38. FINANCIAL INSTRUMENTS (cont'd)

(C) Capital management

During 2010, the Group's strategy, which was unchanged from 2009, was to maintain the debt-to-equity ratio at the lower end range within 0.2 to 1.00. The debt-to-equity ratios as at 31 December 2010 and at 31 December 2009 were as follows:

	GROUP	
	2010 RM	2009 RM
Total term loan (Note 23)	-	194,327
Total borrowings (Note 24)	16,406,620	16,138,411
Less: Short term deposits	(4,281,690)	(4,602,237)
Cash and bank balances	(3,000,716)	(1,928,432)
Net debt	9,124,214	9,802,069
Total equity	33,241,299	35,458,433
Debt-to-equity ratio	0.27	0.28

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

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 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less RM40 million. The Company has complied with this requirement.

39. OTHER INFORMATION

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

(b) The registered office of the Company is located at Unit A-22-15, Level 22, Tower A, Menara UOA Bangsar, 5 Jalan Bangsar Utama 1, 59000 Kuala Lumpur.

(c) The principal place of business of the Company is located at 903 & 904, Level 9, Bangunan TH Uptown 3, No. 3, Jalan SS 21/39, 47400 Petaling Jaya, Selangor Darul Ehsan.

(d) The financial statements are presented in Ringgit Malaysia, which is also the Group's functional currency.

40. EVENT AFTER BALANCE SHEET DATE

On 31 March 2011, the Company announces 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.

41. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 25 April 2011.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
- 31 DECEMBER 2010

42. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

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 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.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the accumulated losses of the Group and the Company as at 31 December 2010 are as follows:

	GROUP 2010 RM	COMPANY 2010 RM
Total (accumulated losses)/ unappropriated profit of the Group and Company		
- Realised	(4,646,730)	5,588,169
- Unrealised	(1,931,441)	-
	(6,578,171)	5,588,169

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 the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 26 to 77 are drawn up in accordance with the provisions of the Companies Act 1965 and Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and of the financial results and the cash flows of the Group and of the Company for the financial year ended on that date.

On behalf of the Board

SUI DIONG HOE
Director

TAN HENG TA
Director

25 April 2011

STATUTORY DECLARATION

I, **CHANG MUN YEE** being the officer primarily responsible for the financial management of **RALCO CORPORATION BERHAD (333101-V)** do solemnly and sincerely declare that the financial statements set out on pages 26 to 77 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.

CHANG MUN YEE
Subscribed and solemnly declared
by the abovenamed at Kuala Lumpur
in the Federal Territory on 25 April 2011

Before me

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RALCO CORPORATION BERHAD

Report on the Financial Statements

We have audited the financial statements of Ralco Corporation Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 26 to 77.

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 applicable 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 ("Act") 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 have been properly kept in accordance with the provisions of the Act.

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

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

Other Reporting Responsibilities

The supplementary information set out in Note 42 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

INDEPENDENT AUDITORS' REPORT (CONT'D)
TO THE MEMBERS OF RALCO CORPORATION 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.

RSM Robert Teo, Kuan & Co.
AF: 0768
Chartered Accountants

Yong Kam Fei
2562/07/12(J)
Chartered Accountant

Kuala Lumpur

25 April 2011

LIST OF GROUP'S PROPERTIES
AS AT YEAR 2010

Location	Type (Existing Use)	Tenure (Expiring Date)	Land Area (Built-up Area)	Net Book Value (RM)	Approximate Age of Property (No. of Years)	Date of Last Revaluation/ Acquisition
Lot 1476 Kawasan Perusahaan Nilai 71800 Nilai Negeri Sembilan	Land and Building (Factory)	Leasehold (20/08/2089)	18,200 sq. meters	10,023,622	13	10/06/1991
Lot 1478 Kawasan Perusahaan Nilai 71800 Nilai Negeri Sembilan	Land and Building (Factory)	Leasehold (20/08/2089)	4,464 sq. meters	2,586,053	14	12/12/1995
PT. 5001, 5536, 5490, 5491, 5535 Mukim Labu 71800 Nilai Negeri Sembilan	Land and Building 5 One-Storey Terrace House (Workers Hotel)	Freehold	(95 sq. meters each)	235,138	18	06/09/1993
No. 7, Jalan Bistari 2 Taman Industri Jaya 81300 Skudai Johor Bahru Johor	Land and Building (Factory)	Leasehold (03/09/2911)	4,047 sq. meters	2,680,617	13	20/03/2003

ANALYSIS OF SHAREHOLDINGS
AS AT 15 APRIL 2011

SHARE CAPITAL

Authorised share capital	:	RM100,000,000
Issued and Fully Paid-up Share Capital	:	RM41,981,000 divided into 41,981,000 ordinary shares of RM1.00 each
Class of shares	:	Ordinary Shares of RM1.00 each
Voting rights	:	One (1) vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholders	% of shareholders	No. of shares held	% of issued and paid-up capital
Less than 100	23	1.89	714	0.00
100 – 1,000	71	5.84	46,965	0.11
1,001 – 10,000	941	77.38	2,757,140	6.57
10,001 – 100,000	137	11.27	3,555,700	8.47
100,001 – less than 5% of issued shares	41	3.37	20,203,281	48.13
5% and above issued shares	3	0.25	15,417,200	36.72
TOTAL:	1,216	100.00	41,981,000	100.00

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS, EXCLUDING BARE TRUSTEE:

Name of Shareholder	Direct No. of Shares	%	Indirect No. of Shares	%
1. Tan Heng Ta	7,736,800	18.43	-	-
2. Datin Goh Phaik Lynn	5,078,500	12.10	-	-

DIRECTORS' INTEREST IN SHARES IN THE COMPANY OR IN A RELATED CORPORATION

Name of Director	Direct No. of Shares	%	Indirect No. of Shares	%
Datuk Lim Si Cheng	-	-	-	-
Heng Chee Wei	-	-	-	-
Sui Diong Hoe	2,024,238	4.82	-	-
Tan Heng Ta	7,736,800	18.43	-	-
Goh Kim Chon	-	-	-	-
Law Doung Chin	-	-	-	-
Mark Ho Hing Kheong	-	-	-	-

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

AS AT 15 APRIL 2011

NO.	NAME OF REGISTERED SHAREHOLDERS	SHAREHOLDINGS	%
1.	HLB Nominees (Tempatan) Sdn Bhd *(pledged securities account for Tan Heng Ta (Sin 91274-2))*	7,736,800	18.43
2.	Datin Goh Phaik Lynn	5,078,500	12.10
3	Ralco Corporation Berhad *(Share Buy Back Account)*	2,601,900	6.20
4.	Leong Fee Foon	2,000,000	4.76
5.	Ong Aun Kung	2,000,000	4.76
6.	OSK Nominees (Tempatan) Sdn. Berhad *(OSK Capital Sdn Bhd for Sui Diong Hoe)*	1,767,338	4.21
7.	Duclos Sdn Bhd	1,636,800	3.90
8.	OSK Nominees (Tempatan) Sdn Berhad *(pledged securities account for Lee Thiam Loy)*	1,314,478	3.13
9.	Teng Li Ling	1,200,000	2.86
10.	Lee Ngee Moi	1,100,700	2.62
11.	AMSEC Nominees (Tempatan) Sdn Bhd *(pledged securities account for Chai Kin Kong)*	1,000,000	2.38
12.	Kenanga Nominees (Asing) Sdn Bhd *(DMG & Partners Securities Pte Ltd for International Scientific (Private) Limited (5U-35388)*	964,945	2.30
13.	Chia May Fong	712,800	1.70
14.	Harmony Chime Sdn Bhd	651,800	1.55
15.	OSK Nominees (Tempatan) Sdn Berhad *(pledged securities account for Pau Chiong Ung)*	506,000	1.21
16.	HSBC Nominees (Asing) Sdn Bhd *(Exempt An For BNP Paribas Wealth Management Singapore Branch (Foreign))*	310,700	0.74
17.	Ching Gek Lee	300,000	0.71
18.	Gek Lee Enterprise Sdn Bhd	300,000	0.71
19.	Public Nominees (Tempatan) Sdn Bhd *(pledged securities account for Nge Nyit Hua (E-BTL))*	288,200	0.69
20.	Syarikat Rimba Timur (RT) Sdn Bhd	275,000	0.66
21.	A Vemala A/P K Balan	274,000	0.65
22.	Alex Goon Hoong Chow	252,400	0.60
23.	Ngo Tek Phang	235,500	0.56
24.	Public Invest Nominees (Tempatan) Sdn Bhd *(pledged securities account for Sui Diong Hoe (M))*	222,100	0.53
25.	Kenanga Nominees (Asing) Sdn Bhd *(UOB Kay Hian Pte Ltd for Chan Wang Joo @ Tan Wang Joo)*	218,000	0.52
26.	TA Nominees (Tempatan) Sdn Bhd *(pledged securities account for Cheong Kuang Huang)*	213,500	0.51
27.	OSK Nominees (Tempatan) Sdn Berhad *(pledged securities account for Loh Tung Sing)*	209,500	0.50
28.	Public Nominees (Tempatan) Sdn Bhd *(pledged securities account for Ting Hua Liong (E-BTL))*	200,000	0.48
29.	Bumi Malabar Sdn Bhd	182,600	0.44
30.	Kong Sum Mooi	163,300	0.39
	Total	33,916,861	80.80

WARRANT HOLDINGS STRUCTURE
AS AT 15 APRIL 2011

Number of Warrants	:	20,340,955 ten (10) years Warrants 2009/2019
Maturity Date	:	15 December 2019
Exercise Price	:	RM1.00 per Warrant
Exercise Rights	:	Each Warrant entitles the holder to subscribe for One (1) Ordinary Share of RM1.00 each in the Company
Voting Rights	:	Nil

DISTRIBUTION OF WARRANTS

Size of Warrants	No. of Warrant Holders	%	No. of Warrant held	% of issued capital
Less than 100	44	9.28	1,773	0.01
100 – 1,000	80	16.88	59,689	0.29
1,001 – 10,000	197	41.56	773,027	3.80
10,001 – 100,000	111	23.42	4,193,929	20.62
100,001 – less than 5% of issued shares	39	8.23	9,998,333	49.15
5% and above issued shares	3	0.63	5,314,204	26.13
TOTAL:	474	100.00	20,340,955	100.00

DIRECTORS' WARRANTS HOLDINGS
(based on the Register of Directors' Shareholdings as at 15 April 2011)

Name of Director	Direct	%	Indirect	%
Datuk Lim Si Cheng	-	-	-	-
Heng Chee Wei	-	-	-	-
Sui Diong Hoe	2,146,289	10.55	-	-
Tan Heng Ta	-	-	-	-
Goh Kim Chon	-	-	-	-
Mark Ho Hing Kheong	-	-	-	-
Law Doung Chin	-	-	-	-

LIST OF THIRTY (30) LARGEST WARRANTS ACCOUNT HOLDERS

AS AT 15 APRIL 2011

NO.	NAME OF REGISTERED HOLDERS	WARRANTS HOLDINGS	%
1.	Datin Goh Phaik Lynn	2,106,800	10.36
2.	OSK Nominees (Tempatan) Sdn Berhad *(OSK Capital Sdn Bhd for Sui Diong Hoe)*	1,674,904	8.23
3	Kong Sum Mooi	1,532,500	7.53
4.	Lim Kwee Seng	838,700	4.12
5.	OSK Nominees (Tempatan) Sdn Berhad *(pledged securities account for Lee Thiam Loy)*	740,020	3.64
6.	Duclos Sdn Bhd	654,720	3.22
7.	OSK Nominees (Tempatan) Sdn Berhad *(pledged securities account for Aw Khoon Lee)*	564,140	2.77
8.	Lee Ngee Moi	520,780	2.56
9.	OSK Nominees (Tempatan) Sdn Berhad *(Lee Thiam Fah)*	466,840	2.30
10.	Kenanga Nominees (Asing) Sdn Bhd *(DMG & Partners Securities Pte Ltd for International Scientific (Private) Limited (5U-35388))*	385,978	1.90
11.	Sui Diong Hoe	321,343	1.58
12.	OSK Nominees (Asing) Sdn Berhad *(pledged securities account for Tan Boon Chiang)*	291,600	1.43
13.	Er Yow Tong	290,000	1.43
14.	OSK Nominees (Asing) Sdn Berhad *(pledged securities account for Tan Lee Gek)*	288,000	1.42
15.	Hoo Lay See	285,877	1.41
16.	Harmony Chime Sdn Bhd	277,000	1.36
17.	Wong Ah Yong	260,000	1.28
18.	OSK Nominees (Tempatan) Sdn Berhad *(pledged securities account for Wong Ah Yong)*	250,000	1.23
19.	AmBank (M) Berhad *(pledged securities account for Wong Ah Yong (Smart))*	200,000	0.98
20.	Chon Kee Kuan	200,000	0.98
21.	CIMSEC Nominees (Tempatan) Sdn Bhd *(pledged securities account for Ling Lee Wee (Kuching))*	200,000	0.98
22.	Citigroup Nominees (Tempatan) Sdn Bhd *(pledged securities account for Wong Ah Yong (470281))*	200,000	0.98
23.	Ngo Tek Phang	183,696	0.90
24.	Liew Jiew Choo	180,000	0.88
25.	Mayban Nominees (Tempatan) Sdn Bhd *(pledged securities account for Jenny Chan Yin Lai)*	161,800	0.79
26.	Public Invest Nominees (Tempatan) Sdn. Bhd. *(pledged securities account for Sui Diong Hoe (M))*	150,042	0.74
27.	Ching Gek Lee	150,000	0.74
28.	Lee Teck Pun	150,000	0.74
29.	Tang Chin Meng	150,000	0.74
30.	Tee Hock Seng	150,000	0.74
	Total	13,824,740	67.96

RALCO CORPORATION BERHAD (Company No. 333101-V)

FORM OF PROXY

I/We, ____________________________________ NRIC No./Passport No./Company No. ____________________

of ____

being a member/members of Ralco Corporation Berhad hereby appoint ____________________________________

NRIC No./Passport No. ________________________________ of ________________________________

or failing him/her ________________________________ NRIC No./Passport No.________________________

of ____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 16th Annual General Meeting of the Company to be held at the 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. or at any adjournment thereof.

My/our proxy shall vote as follows:-

(Please indicate with an "X" in the space provided below how you wish your vote to be cast on the resolutions specified in the notice of meeting. If you do not do so, the proxy/proxies will vote, or abstain from voting as he/they may think fit)

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2010 and the Reports of the Directors and Auditors thereon.		
2.	To approve the payment of Directors' fees.		
3.	To re-elect Datuk Lim Si Cheng as Director pursuant to Article 64 and 65 of the Company's Articles of Association.		
4.	To re-elect Mr Tan Heng Ta as Director pursuant to Article 69 of the Company's Articles of Association.		
5.	To re-elect Mr Goh Kim Chon as Director pursuant to Article 69 of the Company's Articles of Association.		
6.	To re-elect Mr Mark Ho Hing Kheong as Director pursuant to Article 69 of the Company's Articles of Association.		
7.	To re-elect Mr Law Doung Chin as Director pursuant to Article 69 of the Company's Articles of Association.		
8.	To re-appoint Messrs. RSM Robert Teo, Kuan & Co. as Auditors and to authorise the Directors to fix their remuneration.		
9.	Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares.		

Dated this ____________ day of ____________ 2011

No. of shares held	

____

Signature of Shareholder/Common Seal

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 (1) 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.

Affix
stamp
here

The Company Secretary

RALCO CORPORATION BERHAD (333101-V)

Unit A-22-15, Level 22

Tower A, Menara UOA Bangsar

5 Jalan Bangsar Utama 1

59000 Kuala Lumpur

www.ralcocorp.com.my