



RALCO

CORPORATION BERHAD

(Company No: 333101-V)



ANNUAL REPORT
2011

Content

Notice of Annual General Meeting	2-5
Corporate Information	6
Corporate Structure	7
Profile of Directors	8-10
Corporate Governance Statement	11-15
Additional Compliance Information	16
Audit Committee Report	17-19
Statement on Internal Control	20-21
Nonination Committee	22
Remuneration Committee	22
Group Financial Highlights	23
Chairman's Statement	24
Reports and Financial Statements	25-78
List of Group's Properties	79
Analysis of Shareholdings	80-81
Warrant Holdings Structure	82-83
Form of Proxy	84-85

RALCO
CORPORATION BERHAD

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 17th Annual General Meeting of Ralco Corporation Berhad (“Company”) will be held at Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Monday, 18th day of June, 2012 at 10.00 a.m for the following purposes:

AGENDA

AS ORDINARY BUSINESS

- | | |
|--|---------------------|
| 1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon. | RESOLUTION 1 |
| 2. To approve the payment of Directors’ fees amounting to RM200,668 for the financial year ended 31 December 2011. | RESOLUTION 2 |
| 3. To re-elect the following Director retiring by rotation pursuant to Articles 64 and 65 of the Company’s Articles of Association:
i. Mr Sui Diong Hoe
ii. Mr Heng Chee Wei | RESOLUTION 3 |
| 4. To re-appoint Messrs. RSM Robert Teo, Kuan & Co. (AF 0768) as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. | RESOLUTION 4 |

AS SPECIAL BUSINESS

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

- | | |
|---|---------------------|
| 5. Ordinary Resolution
Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 | RESOLUTION 5 |
|---|---------------------|

“THAT subject to Section 132D of the Companies Act, 1965 and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad.”



NOTICE OF ANNUAL GENERAL MEETING – CONT'D

6. Special Resolution

RESOLUTION 6

Proposed Amendments to the Articles of Association of the Company

“THAT the following Existing Articles in the Articles of Association of the Company be deleted in its entirety and the following be substituted in lieu thereof:

Existing Article 54 – Right to vote

Subject to any rights or restrictions for the time being attaching to any class or classes of shares and to Article 44 above at meetings of Members or of class of Members, each Member shall be entitled to be present and to vote in respect of any share or shares upon which all calls due to the Company have been paid and may vote in person or by proxy or by attorney. On a show of hands every person present who is a Member or a representative of a Member shall have one vote, and on a poll every Member present in person or by proxy or by attorney or other duly authorized representative shall have one vote for every such share he holds. If the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that each unit of capital in each class, when reduced to a common denomination shall carry the same voting power when such right is exercisable.

Amended Article 54 – Right to vote and speak

Subject to any rights or restrictions for the time being attaching to any class or classes of shares and to Article 44 above at meetings of Members or of class of Members, each Member shall be entitled to be present and to vote in respect of any share or shares upon which all calls due to the Company have been paid and may vote in person or by proxy or by attorney. On a show of hands every person present who is a Member or a representative of a Member shall have one vote, and on a poll every Member present in person or by proxy or by attorney or other duly authorized representative shall have one vote for every such share he holds. If the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that each unit of capital in each class, when reduced to a common denomination shall carry the same voting power when such right is exercisable. **A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.**

Existing Article 55 – Proxy of authorised nominee

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

Amended Article 55 – Proxy of authorised nominees

- (1) Where the member of the Company is authorised nominee as defined under the Central Depositories Act, it may appoint **only** one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

- (2) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.
- (3) Where a Member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

Existing Article 59 – Proxy to be in writing

The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a Member of the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. A proxy shall be entitled to vote on a show of hands on any question at any general meeting. A Member may appoint **not more than two (2) proxies** to attend at the same meeting. **Where a Member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.**

Amended Article 59 – Proxy to be in writing

The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a Member of the Company. **There shall be no restriction as to the qualification of the proxy.** The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. A proxy shall be entitled to vote on a show of hands on any question at any general meeting. A Member **other than authorised nominee** may appoint **only one (1) proxy** to attend at the same meeting.

7. To transact any other ordinary business of the Company for which due notice shall have been given.

BY ORDER OF THE BOARD

CHIA SIEW CHIN (MIA 2184)
PANG CHIA TYNG (MAICSA 7034545)
 Company Secretaries

Kuala Lumpur
 25 May 2012

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 Share Registrar’s office, System & Securities Sdn Bhd at Plaza 138, Suite 18.03, 18th Floor, 138 Jalan Ampang, 50450 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 not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, 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.
5. Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the AGM is 12 June 2012.

EXPLANATORY NOTE ON SPECIAL BUSINESS:

(a) Ordinary Resolution 5

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

As at the date of this Notice, there was no issuance of new shares during the financial year. The renewal of General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for purpose of funding future investment projects, working capital and/or acquisitions.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Lim Si Cheng

Chairman, Independent Non-Executive Director

Tan Heng Ta

Managing Director

Heng Chee Wei

Senior Independent Non-Executive Director

Goh Kim Chon

Executive Director

Sui Diong Hoe

Non-Independent Non-Executive Director

Mark Ho Hing Kheong

Independent Non-Executive Director

Law Doung Chin

Independent Non-Executive Director

COMPANY SECRETARIES

Chia Siew Chin (MIA 2184)

Company Secretary

Pang Chia Tyng (MAICSA 7034545)

Assistant Secretary

REGISTERED OFFICE

10th Floor Menara Hap Seng

No. 1 & 3 Jalan P. Ramlee

50250 Kuala Lumpur

Tel : 603-2382 4288

Fax : 603-2026 1451

REGISTRAR

System & Securities Sdn. Bhd.

Plaza 138, Suite 18.03

18th Floor, 138 Jalan Ampang

50450 Kuala Lumpur

Tel : 03-2161 5466

Fax : 03-2163 6968

email: systems@ssassociates.com.my

PRINCIPAL BANKERS

CIMB Bank Berhad

United Overseas Bank (Malaysia) Berhad

PRINCIPAL PLACE OF BUSINESS

903 & 904, Level 9

Bangunan TH Uptown 3

Damansara Utama

No. 3 Jalan SS21/39

47400 Petaling Jaya

Selangor Darul Ehsan

Tel : 603-7727 3131

Fax : 603-7722 5519

AUDITORS

Messrs. RSM Robert Teo, Kuan & Co. (AF 0768)

1st Floor, Wisma RKT, Block A

No. 2, Jalan Raja Abdullah

Off Jalan Sultan Ismail

50300 Kuala Lumpur

Tel : 03-2610 2888

Fax : 03-2691 6886

email: audit@rsmi.com.my

STOCK EXCHANGE LISTING

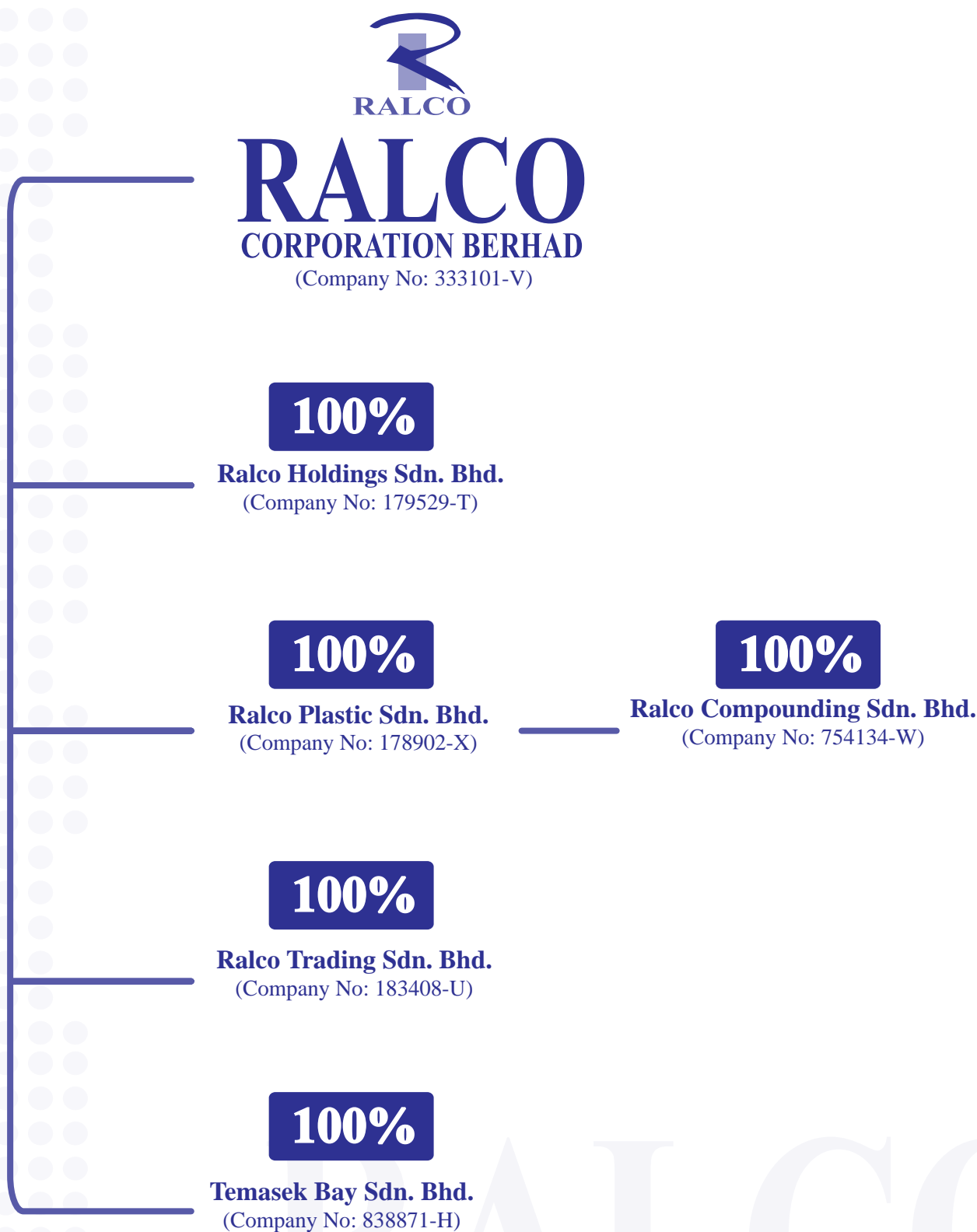
Main Market of Bursa Malaysia Securities Berhad

Stock Name : RALCO

Stock Code : 7498

Sector: Industrial Products

CORPORATE STRUCTURE



PROFILE OF DIRECTORS

DATUK LIM SI CHENG, PJN., PIS

*Chairman, Independent-Non Executive Director
Aged 62, Malaysian*

Datuk Lim Si Cheng was appointed to the Board and Chairman to the Board on 16 June 2008. He started his career as journalist in 1968. He was a State Assemblyman for Bandar Segamat from 1982 to 1990. He was a Johor State Executive Councillor from 1986 to 1990 before being appointed as Political Secretary to Minister of Transport in 1990. From 1995, he was elected as Member of Parliament for Kulai, Johor for three (3) consecutive terms and in 1999, he served as Deputy Speaker to the House of Representative, Parliament Malaysia until February 2008. He is an Independent Non-Executive Director of Tiger Synergy Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

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

Details of number of Board meetings attended by him during the financial year are set out in page 12 of this Annual Report.

TAN HENG TA

*Managing Director
Aged 44, Malaysian*

Mr. Tan Heng Ta was appointed to the Board as Executive Director on 7 January 2011. He was subsequently appointed as the Managing Director of the Company on 1 August 2011.

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

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

Details of number of Board meetings attended by him during the financial year are set out in page 12 of this Annual Report.

HENG CHEE WEI, A.M.P.

*Senior Independent-Non Executive Director
Aged 41, Malaysian*

Mr. Heng Chee Wei was appointed to the Board on 8 August 2001. He is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee and also, identified by the Board as a Senior Independent Non-Executive Director.

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

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

Details of number of Board meetings attended by him during the financial year are set out in page 12 of this Annual Report.

GOH KIM CHON

Executive Director

Aged 56, Malaysian

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

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

Details of number of Board meetings attended by him during the financial year are set out in page 12 of this Annual Report.

SUI DIONG HOE

Non-Independent Non-Executive Director

Aged 57, Malaysian

Mr. Sui Diong Hoe was appointed to the Board and Executive Director on 10 January 2007. On 29 May 2008, he was appointed as Managing Director of Ralco Corporation Berhad and subsequently stepped down as Managing Director on 9 July 2011. However, he remains as a Non-Independent Non-Executive Director of the Company.

He is an associate member of the Association of Chartered Certified Accountant, United Kingdom and a Member of the Malaysian Institute of Accountants. He also sits on the Boards of several private limited companies involving in investment and consultancy services. He is a director of Timberwell Berhad, a public company listed of the Main Market of Bursa Malaysia Securities Berhad.

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

Details of number of Board meetings attended by him during the financial year are set out in page 12 of this Annual Report.

MARK HO HING KHEONG

Independent Non-Executive Director

Aged 44, Malaysian

Mr. Mark Ho Hing Kheong was appointed to the Board on 29 March 2011. He is a member of Audit Committee, Nomination Committee and Remuneration Committee of the Company.

Mr Mark Ho is a member of the Middle Temple Inns of Court and admitted as Barrister-at-Law of England and Wales in 1992. In 1993, he completed his pupillage at Messrs Skrine and was called to the Malaysian Bar in December of the same year. He was also called to the Singapore Bar in 1998. He has 18 years of experience in a broad range of legal matters although his strengths lie in Corporate & Commercial matters. He has been practicing as an advocate and solicitor in the firm of Messrs Chellam Wong since 1997 and is currently the Managing Partner. He has been appointed as Counsel by numerous legal firms on numerous legal matters. On 4 August 2010, he was admitted as a Notary Public. He does not hold any directorship in any other public listed company.

Mr. Mark Ho Hing Kheong has no conflict of interest with the Group and has no family relationship with any other directors or major shareholders of the Group. He has never been convicted of any offences.

Details of number of Board meetings attended by him during the financial year are set out in page 12 of this Annual Report.

LAW DOUNG CHIN

Independent Non-Executive Director

Aged 41, Malaysian

Mr. Law Doung Chin was appointed to the Board on 29 March 2011. He is a member of Audit Committee, Nomination Committee and Remuneration Committee of the Company.

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

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

Details of number of Board meetings attended by him during the financial year are set out in page 12 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

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

The Board is pleased to present below how the Group has applied the principles of corporate governance and the extent of compliance with the principles and best practices set out in the Malaysian Code on Corporate Governance. These principles and best practices have been applied consistently throughout the financial year ended 31 December 2011 except where otherwise stated herein.

1. BOARD OF DIRECTORS

The Board

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

Board Composition and Balance

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

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

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

Board Meetings

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

During the financial year ended 31 December 2011, a total of eight (8) Board meetings were held. The following is the record of attendance of the Directors during their tenure:-

Name of Directors	Designation	Date of Appointment	Date of Resignation	Number of Meetings Attended
Datuk Lim Si Cheng	Chairman Independent Non-Executive Director (INED)	16/06/2008	-	7/8
Tan Heng Ta ⁽¹⁾	Managing Director	07/01/2011	-	6/8
Heng Chee Wei	Senior INED	08/08/2001	-	8/8
Goh Kim Chon	Executive Director	07/01/2011	-	8/8
Sui Diong Hoe ⁽²⁾	Non-INED	10/01/2007	-	5/8
Law Doung Chin	INED	29/03/2011	-	5/5
Mark Ho Hing Kheong	INED	29/03/2011	-	3/5
Mohd Khasan bin Ahmad	INED	19/09/2007	09/03/2011	3/3
Lee Thiam	INED	10/01/2007	19/04/2011	4/4
Ang Poo Guan	INED	26/02/2007	09/03/2011	3/3

(1) Mr. Tan Heng Ta was appointed as Managing Director replacing Mr. Sui Diong Hoe on 1 August 2011.

(2) Mr. Sui Diong Hoe resigned as Managing Director with effect from 9 July 2011.

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

Supply of Information

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

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

Appointment to the Board

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

Re-election of Directors

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

election by the shareholders at the next AGM following their appointment. This is also in compliance with the Listing Requirements.

Continuing Education of Directors

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

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

1. Mandatory Accreditation Programme of Bursa Securities for new Directors in April, May and June 2011 respectively.
2. TNT-INSEAD Asia Pacific Leadership Programme (Module 1) from 1 to 5 August 2011
3. 2012 RSM RKT Tax Seminar on 13 October 2011
4. Financial Reporting Standards Impact on Company Tax on 17 October 2011
5. New Public Rulings in 2011 on 31 October 2011
6. Income Tax Relief on Capital Expenditures on 14 November 2011
7. TNT-INSEAD Asia Pacific Leadership Programme (Module 2) on 30 November and 1 December 2011

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

2. BOARD COMMITTEES

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

3. DIRECTORS REMUNERATION

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

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

Details of Directors' remuneration for the financial year ended 31 December 2011, in aggregation and analysed into bands of RM50,000 are as follows:-

	Salaries and other emoluments (RM)	Fees (RM)	EPF (RM)	Total (RM)
Executive Director	813,871	56,000	97,680	967,551
Non-Executive Directors	-	144,668	-	144,668

Range of Remuneration (RM)	Number of Directors	
	Executive	Independent Non-Executive
Below RM50,000	-	4
RM200,001 – RM250,000	1	-
RM250,001 – RM300,000	1	-
RM450,001 – RM500,000	1	-

4. SHAREHOLDERS

Shareholders' Communication and Investor Relationship Policy

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

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

5. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Company's financial statements were prepared in accordance with the requirements and provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia. The Board aims to present a balanced and clear assessment of the Group's position and prospect to the Company's shareholders through the annual financial statements and quarterly announcements. The Board discusses and reviews the recommendations proposed by the Audit Committee prior to the adoption of the financial statements of the Group.

Directors' Responsibility Statement

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

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

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

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

Internal Control

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

Relationship with Auditors

The Board has established a formal and transparent relationship with the auditors. The Audit Committee recommends the appointment of the external auditors and their remuneration. The appointment of the external auditors is subject to the approval of shareholders in general meetings whilst their remuneration is determined by the Board. The role of the Audit Committee is further described in the Audit Committee Report on page 18 of this Annual Report.

6. CORPORATE RESPONSIBILITY

The Group fulfils its corporate responsibility on helping to enhance the conditions of the society, environment as well as creating awareness of this cultural belief and responsibility. During the financial year, the Group also showed its concern for the well being of society by reaching out to the under-privileged group by contributing the wheelchairs, medical supporting equipment and basic necessities to the Malaysia Association Help for The Poor Terminally Ill. The Group also supported the sports activities by giving donation for the funding of the Malaysia Volleyball Association Programmes 2011. The Group also continues to emphasise a high priority of having a safe and healthy workplace for all its employees and promoting occupational safety and health activities in its business activities.



ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds and Corporate Proposal

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

2. Shares Buy-Back

During the financial year ended 31 December 2011, the Company did not purchase nor make any resale or cancellation of its treasury shares.

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

3. Options, Warrants or Convertible Securities

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

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

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

5. Imposition of Sanctions and/or Penalties

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

6. Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Company for the financial year ended 31 December 2011 amounted to RM25,000.

7. Variation in Results

There were no material variations between audited and unaudited results for the financial year ended 31 December 2011.

8. Profit Forecast And Profit Guarantee

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

9. Material Contracts

There were no material contracts (not being contract entered into the ordinary course of business) subsisting as at and entered into since the end of previous financial year, by the Company and its subsidiaries, which involved the interest of the Directors and major shareholders.



AUDIT COMMITTEE REPORT

The objective of the Audit Committee is to assist the Board in fulfilling its fiduciary responsibilities relating to internal control, providing oversight of the financial reporting process, scrutinises all quarterly results and annual statutory financial statements of the Group prior to official release to regulatory authorities and shareholders. The Audit Committee will endeavour to adopt various practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to the shareholders of the Company.

1. COMPOSITION

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

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

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

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

2. SUMMARY OF TERMS OF REFERENCE

• Membership

The Audit Committee shall consist of not less than three (3) Directors, the majority of whom shall be independent non-executive directors. The terms of office of the Committee members shall continue to run and be reviewed by the Board at least once in every three (3) years.

• Meetings and Minutes

The Audit Committee shall meet at least four (4) times annually. The Chairman of the Audit Committee shall report on each meeting to the Board.

• Rights and Authority

The Audit Committee is authorised by the Board to discharge the following responsibilities :

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

• **Functions**

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

- (a) to review the nature and scope of the audit with external auditors and to review the audit report;
- (b) to review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (c) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and action taken on the recommendations;
- (d) to review the quarterly and annual financial statements of the Group and Company in compliance with all relevant accounting standards and regulatory requirements, prior to the consideration and approval by the Board;
- (e) to discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss;
- (f) to consider any related-party transactions and conflict of interest situation.

3. SUMMARY OF ATTENDANCE AND ACTIVITIES DURING THE FINANCIAL YEAR

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

Name of Members	Designation	Date of Appointment	Date of Resignation	Number of Meetings Attended	%
Heng Chee Wei	Chairman - Senior Independent Non-Executive Director	13/08/2001	-	4/4	100%
Lee Thiam	Member - Independent Non-Executive Director	10/01/2007	19/04/2011	1/1	100%
Ang Poo Guan	Member - Independent Non-Executive Director	26/02/2007	09/03/2011	1/1	100%
Law Doung Chin	Member - Independent Non-Executive Director	29/03/2011	-	3/3	100%
Mark Ho Hing Kheong	Member - Independent Non-Executive Director	29/03/2011	-	3/3	100%

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

• **Financial Results**

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

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

- **Internal Audit**

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

- **External Auditors**

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

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

- **Related Party Transactions**

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

4. **INTERNAL AUDIT**

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

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

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

STATEMENT ON INTERNAL CONTROL

The Board of Directors of the Company (“Board”) affirms its commitment to maintaining a sound system of internal control in the Company. Set out below is the Board Statement on Internal Control as a Group, made in compliance with the Listing Requirements and the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

1. BOARD RESPONSIBILITY

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

This statement had been reviewed by the external auditors in compliance with Paragraph 15.23 of the Listing Requirements. Their review was performed in accordance with the Recommended Practice Guide 5 issued by the Malaysian Institute of Accountants. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that has caused them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the system of internal control of the Company.

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

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

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

2. THE GROUP’S SYSTEM OF INTERNAL CONTROL

- **Risk Management Framework**

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

- **Monitoring Mechanisms and Management Style**

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

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

- **Internal Audit Function**

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

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

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

- **Statutory Audit Requirements**

The International Standards on Auditing No. 240 (Revised): "The Auditor's Responsibility to Consider Fraud and Error in an Audit of Financial Statements" stipulates that the External Auditors, Messrs. RSM Robert Teo, Kuan & Co. is responsible to consider the risk of material misstatement in the financial statements of the Company due to fraud and error. Further, the Companies (Amendment) Act 2007 has the requirement for the auditors to report to the Companies Commission of Malaysia if they are of the opinion that serious offence involving fraud or dishonesty is being or has been committed. During the financial year under review, the Board and Management of the Company completed the fraud checklist/questionnaire issued by the External Auditors, and it was noted that no serious offence involving fraud or dishonesty was committed by employees during the financial year under review which requires disclosure in the Annual Report.

- **Other Key Elements of the Group's System of Internal**

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

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

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

NOMINATION COMMITTEE

Chairman	:	Heng Chee Wei (Senior Independent Non-Executive Director)
Members	:	Mark Ho Hing Kheong (Independent Non-Executive Director) Law Doung Chin (Independent Non-Executive Director)
Terms of Reference	:	<ul style="list-style-type: none"> review and assess the skills, expertise and/or experience strategic and fundamental to the effective functioning of the Board as a whole. review and assess the required mix of skills, experience and other qualities including core competencies, which non-executive directors could bring to the Board. review, assess and recommend the appointment of the suitability of any individual for appointment to the Board by taking into account his/her skill, expertise and/or experience as well as other commitments, resources, time and effectiveness of the Board as a whole on an ongoing basis. review and assess the contribution of all members of the Board and the effectiveness of the Board as a whole. review, assess and make recommendation of candidates to fill vacancies of the Board. review, assess and recommend to the Board for re-election of directors due to retirement by rotation. review and assess the size of the Board to determine the impact of its effectiveness. review, assess and make recommendation of directors to sit on various Board Committees and their performance and effectiveness.

REMUNERATION COMMITTEE

Chairman	:	Heng Chee Wei (Senior Independent Non-Executive Director)
Members	:	Mark Ho Hing Kheong (Independent Non-Executive Director) Law Doung Chin (Independent Non-Executive Director)
Terms of Reference	:	<ul style="list-style-type: none"> to review annually the remuneration packages as well as reviews and recommends all other director fees/attendance fees of the Executive Directors and furnishes recommendations to the Board on specific adjustments in remuneration and/or reward payments. to consider all aspects of the executive directors' performance and employment for recommendation of remuneration and incentives, drawing from outside advice if necessary. to carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

GROUP FINANCIAL HIGHLIGHTS

For the year ended 31 December 2011

	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000
INCOME STATEMENT					
Gross Revenue	105,860	100,392	86,887	111,118	100,793
Profit/(Loss) Before Tax	1,531	2,237	5,619	1,148	(13,845)
Profit/(Loss) After Tax	1,516	1,184	4,296	1,148	(11,743)
BALANCE SHEET					
Property, Plant and Equipment	30,619	33,299	31,339	33,664	38,712
Prepaid lease repayment	3,210	3,235	3,208	3,232	3,256
Investment in quoted securities	-	110	-	-	-
Deferred Assets	-	-	-	-	-
Net Current Assets/(Liabilities)	11,635	1,946	3,710	(4,058)	(9,299)
Total Assets Employed	45,464	38,590	38,257	32,838	32,669
Shareholders' Fund	34,757	33,241	35,456	31,088	29,939
Minority Interest	-	-	2	29	-
Non-Current Liabilities	10,707	5,349	2,799	1,721	2,730
Total Funds Employed	45,464	38,590	38,257	32,838	32,669
PER RM 1 ORDINARY SHARE					
Earnings/(Loss) Per Share (sen)	3.85	2.40	10.33	2.74	(27.99)
Gross Dividend Per Share (sen)	-	-	-	-	-
Net Tangible Assets Per Share (RM)	0.88	0.84	0.84	0.74	0.71

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2011.

FINANCIAL PERFORMANCE

The Group ended the year by registering a revenue of RM105.9 million, a 5.5% growth over the RM100.4 million achieved in the previous financial year. The Group registered a net profit before tax of RM1.5 million for FY2011. The net profit was lower by 32% compared to RM2.2 million in the previous year mainly due to higher raw materials prices.

The Group's Shareholders' Funds continue to grow to RM34.8 million or RM0.88 per share from RM33.2 million or RM0.83 per share in the previous year. The Group's balance sheet remains healthy with a gearing ratio (debt to equity) of 31.5% as compared to 42.7% in previous year. This is a reflection of the Group's another favorable year of performance.

OUTLOOK AND PROSPECTS

The current year global and regional economic outlook may prove to be a challenging and uncertain year due to general concern on the global economic condition generated by volatile international crude oil price and potential global slowdown. Despite the grim global economy, the outlook for the plastic packaging industry is still positive being a necessity item in food and chemical industry, we believe the demand for plastic packaging will remain strong.

The volatile international crude oil price will continue to affect our raw material prices and will also cause an overall increase in supplemental material price, overheads cost and operating expenses. In order to stay competitive, we have to continue adopting the prudent cost management, investment on newer and modern production machineries.

The Group is implementing strategies to improve its overall performance and concerted marketing effort being implemented will create a larger marketing base for the Group's core products. We are also targeting to increase our export to a more significant level through more aggressive overseas business development effort and strengthening our research and development activities.

CORPORATE SOCIAL RESPONSIBILITY

Whilst we pursue our business commitments, we acknowledge our responsibilities to our employees, our business partners and the communities in which we do business as well as the environment we operate in. We have also not forgotten the less fortunate and continue to provide donations and contributions to various charities and worthy causes.

APPRECIATION

On behalf of the Board, we would like to express our thanks and appreciation to Mr. Sui Diong Hoe who resigned as Managing Director on 9th July 2011 for his services and leadership to the Group and Company and welcome Mr. Tan Heng Ta who took over as Managing Director on 1st August 2011.

Appreciation and gratitude also goes to the Management and staff for their dedication and commitment contributed throughout the year. We also wish to thank all our customer, partners, business associate and shareholders for their continues support and confident in the Group.

Last but not least, our appreciations also go to our fellow Directors for their invaluable services, assistance and guidance rendered to the Group.

Datuk Lim Si Cheng, PJN., PIS
10 May 2012

Reports and Financial Statements

Director's Report	25-28
Statements of Financial Position	29-30
Statements of Comprehensive Income	31
Statements of Changes in Equity	32-33
Statements of Cash Flows	34-36
Notes to the Financial Statements	37-75
Statement by Directors	76
Statutory Declaration	76
Independent Auditors' Report	77-83

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

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

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

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

RESULTS

	GROUP RM	COMPANY RM
Net profit for the financial year	1,515,827	89,714

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

DIVIDEND

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

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

As at 31 December 2011, the Group held as treasury shares a total of 2,601,900 (2010: 2,601,900) ordinary shares of its total issued ordinary shares of 41,981,000. Such treasury shares are held at cost of RM2,568,358 (2010: RM2,568,358).

DIRECTORS

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

Datuk Lim Si Cheng
Sui Diong Hoe
Heng Chee Wei
Tan Heng Ta
Goh Kim Chon
Mark Ho Hing Kheong
Law Doung Chin

DIRECTORS' INTEREST IN SHARES

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2011 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act 1965 were as follows:

	Number of shares of RM 1 each		
	At 1.1.2011 Date of appointment	Acquired	(Disposed) At 31.12.2011
THE COMPANY			
Direct interest			
Sui Diong Hoe	2,024,238	-	(200,000) 1,824,238
Tan Heng Ta	7,736,800	-	- 7,736,800

	Number of warrants 2010/2019	
	At 1.1.2011	Issued/(Exercised) At 31.12.2011
Sui Diong Hoe	2,146,289	- 2,146,289

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

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

DIRECTORS' BENEFITS

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

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the Statements of Comprehensive Income and Statements of Financial Position of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

- (b) The Directors are not aware of any circumstances:
 - (i) which would require the write off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate;
- (c) In the opinion of the Directors:
 - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the financial results of the Group or of the Company for the current financial year.

(III) AS AT THE DATE OF THIS REPORT

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

AUDITORS

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

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

TAN HENG TA
Director

GOH KIM CHON
Director

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

		GROUP		COMPANY	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
NON-CURRENT ASSETS					
Property, plant and equipment	6	30,618,982	33,299,165	3,385	3,945
Prepaid lease payments	7	3,209,724	3,234,780	-	-
Investments in subsidiaries	8	-	-	44,512,733	44,512,733
Other investments	9	-	110,400	-	-
		<u>33,828,706</u>	<u>36,644,345</u>	<u>44,516,118</u>	<u>44,516,678</u>
CURRENT ASSETS					
Inventories	10	9,805,503	9,290,884	-	-
Trade receivables	11	18,972,301	17,296,530	-	-
Other receivables, deposits and prepayments	12	1,335,859	1,509,497	9,737	11,766
Tax recoverable		8,800	8,800	-	-
Amount owing from subsidiaries	13	-	-	1,821,994	191,277
Short term deposits	14	1,428,575	4,281,690	-	1,335,022
Cash and bank balances	15	1,576,246	3,000,716	269,778	103,475
		<u>33,127,284</u>	<u>35,388,117</u>	<u>2,101,509</u>	<u>1,641,540</u>
TOTAL ASSETS		<u>66,955,990</u>	<u>72,032,462</u>	<u>46,617,627</u>	<u>46,158,218</u>
EQUITY					
Share capital	16	41,981,000	41,981,000	41,981,000	41,981,000
Treasury shares	17	(2,568,358)	(2,568,358)	(2,568,358)	(2,568,358)
Warrant reserve	18	406,828	406,828	406,828	406,828
(Accumulated losses)/ Unappropriated profits		<u>(5,062,344)</u>	<u>(6,578,171)</u>	<u>5,677,883</u>	<u>5,588,169</u>
TOTAL EQUITY		34,757,126	33,241,299	45,497,353	45,407,639

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 (CONTINUED)

		GROUP		COMPANY	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
NON-CURRENT LIABILITIES					
Hire purchase liabilities	19	1,499,720	3,163,533	-	-
Deferred tax liabilities	20	1,935,251	2,185,251	-	-
Term loan	23	7,272,010	-	-	-
		<u>10,706,981</u>	<u>5,348,784</u>	<u>-</u>	<u>-</u>
CURRENT LIABILITIES					
Trade payables	21	12,744,116	12,998,420	-	-
Other payables and accruals	22	3,576,740	2,123,412	645,274	275,579
Tax liability		7,000	-	-	-
Amount owing to a subsidiary	13	-	-	475,000	475,000
Hire purchase liabilities	19	1,820,350	1,913,927	-	-
Term loan	23	1,381,677	-	-	-
Bank borrowings	24	1,962,000	16,406,620	-	-
		<u>21,491,883</u>	<u>33,442,379</u>	<u>1,120,274</u>	<u>750,579</u>
TOTAL LIABILITIES		<u>32,198,864</u>	<u>38,791,163</u>	<u>1,120,274</u>	<u>750,579</u>
TOTAL EQUITY AND LIABILITIES					
		66,955,990	72,032,462	46,617,627	46,158,218

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