STATEMENTS OF COMPREHANSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		GROUP		COMPANY	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
REVENUE	25	105,860,233	100,392,250	2,400,000	2,400,000
COST OF SALES		(97,329,123)	(88,496,597)	-	-
GROSS PROFIT		8,531,110	11,895,653	2,400,000	2,400,000
OTHER INCOME		4,426,135	1,352,108	13,711	35,092
SELLING AND DISTRIBUTION COSTS		(3,259,425)	(2,487,804)	-	-
ADMINISTRATIVE EXPENSES		(7,243,832)	(7,041,685)	(2,312,749)	(2,549,169)
FINANCE COST	26	(923,326)	(1,481,299)	-	-
PROFIT/(LOSS) BEFORE TAXATION	27	1,530,662	2,236,973	100,962	(114,077)
TAXATION	28	(14,835)	(1,053,326)	(11,248)	-
NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR		1,515,827	1,183,647	89,714	(114,077)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE)		1,515,827	1,183,647	89,714	(114,077)
Attributable to:					
Equity holders of the Company		1,515,827	963,754	89,714	(114,077)
Non-controlling interests		-	219,893	-	-
		1,515,827	1,183,647	89,714	(114,077)
Earnings per share (sen):	29				
Basic		3.85	2.40		
Diluted		2.54	1.59		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Attributable to Equity Holders of the Company						
		Non-distributable		Distributable			
GROUP	Share capital **RM**	Treasury Shares **RM**	Warrant Reserve **RM**	Unappropriated Profits/ (Accumulated losses) **RM**	Total **RM**	Non controlling interests **RM**	Total equity **RM**
Balance as at 1.1.2010	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	-	-	-	-	-	(221,802)	(221,802)
Total comprehensive income/(expense)	-	-	-	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
Net profit for the financial year	-	-	-	1,515,827	1,515,827	-	1,515,827
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	1,515,827	1,515,827	-	1,515,827
Balance as at 31.12.2011	41,981,000	(2,568,358)	406,828	(5,062,344)	34,757,126	-	34,757,126

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

	Attributable to Equity Holders of the Company				
		Non-distributable		Distributable	
	Share capital	Treasury shares	Warrant reserve	Unappropriated Profits/ (Accumulated losses)	Total
	RM	RM	RM	RM	RM
COMPANY					
Balance as at 1.1.2010	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 expense	-	-	-	(114,077)	(114,077)
Balance as at 31.12.2010	41,981,000	(2,568,358)	406,828	5,588,169	45,407,639
Net profit for the financial year	-	-	-	89,714	89,714
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	89,714	89,714
Balance as at 31.12.2011	41,981,000	(2,568,358)	406,828	5,677,883	45,497,353

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

STATEMENTS OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	1,530,662	2,236,973	100,962	(114,077)
Adjustments for:				
Impairment loss on trade receivables	280,414	-	-	-
Impairment loss on trade receivables no longer required	(32,830)	(12,893)	-	-
Amortisation of prepaid lease payments	25,056	24,461	-	-
Depreciation	5,144,730	5,368,580	560	560
Interest expenses	923,326	1,481,299	-	-
Interest income	(55,846)	(156,737)	(13,711)	(35,092)
Gain on disposal of quoted investment	(32,383)	-	-	-
(Gain)/Loss on disposal of property, plant and equipment	(58,661)	57,679	-	-
Property, plant and equipment written off	30,867	5,000	-	-
Net fair value gain on initial designation quoted securities	-	(9,600)	-	-
Unrealised loss/(gain) on foreign exchange	309,925	(244,210)	-	-
Operating profit/(loss) before working capital changes	8,065,260	8,750,552	87,811	(148,609)
Increase in inventories	(514,619)	(2,099,655)	-	-
(Increase)/Decrease in trade receivables	(1,883,582)	3,756,974	-	-
Decrease in other receivables, deposits and prepayments	173,638	2,035,584	2,029	79,808
Decrease in trade payables	(604,002)	(108,051)	-	-
Increase/(Decrease) in other payables and accruals	1,453,328	(1,895,258)	369,695	(325,397)
Cash generated from/(used in) operations	6,690,023	10,440,146	459,535	(394,198)

STATEMENTS OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Interest received	55,846	156,737	13,711	35,092
Interest paid	(923,326)	(1,481,299)	-	-
Tax paid	(257,835)	(143,326)	(11,248)	-
Net cash generated from/ (used in) operating activities	5,564,708	8,972,258	461,998	(359,106)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment(a)	(2,410,608)	(4,030,766)	-	-
Proceeds from disposal of other investment	142,783	-	-	-
Proceeds from disposal of property, plant and equipment	622,000	44,000	-	-
Purchase of additional shares in a subsidiary	-	(1,215,000)	-	(1,215,000)
Investment in quoted securities	-	(100,800)	-	-
Repayment from a subsidiary	-	-	-	3,429,919
Advance to a subsidiary	-	-	(1,630,717)	-
Net cash (used in)/ generated from investing activities	(1,645,825)	(5,302,566)	(1,630,717)	2,214,919
CASH FLOWS FROM FINANCING ACTIVITIES				
Treasury share purchased	-	(2,185,781)	-	(2,185,781)
Repayment of bank borrowings	(1,122,000)	(1,206,328)	-	-
Repayment of term loan	(966,313)	-	-	-
Payment of hire purchase instalments	(2,405,535)	(806,055)	-	-
Proceed from bank term loan	9,620,000	-	-	-
Net cash generated from/ (used in) financing activities	5,126,152	(4,198,164)	-	(2,185,781)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	9,045,035	(528,472)	(1,168,719)	(329,968)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	(6,040,214)	(5,511,742)	1,438,497	1,768,465
CASH AND CASH EQUIVALENTS CARRIED FORWARD (b)	3,004,821	(6,040,214)	269,778	1,438,497

STATEMENTS OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

NOTES TO THE CASH FLOW STATEMENTS

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

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash	2,410,608	4,030,766	-	-
Hire purchase	648,145	3,553,457	-	-
	3,058,753	7,584,223	-	-

(b) Cash and cash equivalents

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Short term deposits (Note14)	1,428,575	4,281,690	-	1,335,022
Cash and bank balances (Note15)	1,576,246	3,000,716	269,778	103,475
Bank overdraft (Note24)	-	(13,322,620)	-	-
	3,004,821	(6,040,214)	269,778	1,438,497

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

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 40 has been prepared in accordance with the 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 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.

When the Group purchases subsidiary's 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 revised FRS 3 Business Combination 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 "piecemeal acquisition"), and the net identifiable assets acquired. Any bargain purchase (ie. "negative goodwill") will be recognised directly in the statement of comprehensive income. Any consideration transferred is to be measured at fair value as of the acquisition date. All acquisition-related costs are expensed off in the statement of comprehensive income.

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 statement of comprehensive income 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 loss.

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 statement of comprehensive income.

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.

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(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

Goodwill arising from business combination is acquired in a business combination as an asset at the accounting date and is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. 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.

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(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.

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 statement of comprehensive income. 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 statement of comprehensive income 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 statement of financial position 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 profit or loss 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.

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(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.

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 not 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 statements 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.

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 statement of comprehensive income. 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 statement of comprehensive income within 'selling and distribution 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 distribution costs' in the statement of comprehensive income.

(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.

(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 statement of cash flow, 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 statements 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.

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(A) Initial recognition and measurement

A financial liability is recognised on the statement of financial position 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.

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.

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(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.

(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 Notes to 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.

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 statement of comprehensive income 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 statement of comprehensive income 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, unutilised 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, unutilised 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 statement of comprehensive income, 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.

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(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) 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 - Settled 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	Amendments 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

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(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

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

(i) FRS 3 Business Combinations and FRS 127 Consolidated and Separate Financial Statements

The adoption of the two revised standards affects the way in which the Group accounts for business combinations and the preparation of its consolidated financial statements. The revised FRS 127 requires that changes in ownership interest which do not result in a loss of control be accounted for as equity transactions, instead of in the statement of comprehensive income. Where changes on ownership interest results in loss of control, any remaining interest in the entity is remeasured at fair value and any resulting gains and losses is recognised in the statement of comprehensive income. Total comprehensive income will be proportionately allocated to non-controlling interests, even if it results in the non-controlling interests being in a deficit position.

Under the revised FRS 3, all acquisition-related costs are recognised as an expense in the statement of comprehensive income in the period in which they are incurred. All considerations transferred, including contingent considerations, are measured at fair value as at the acquisition date. Any equity interests held prior to the date control is obtained is remeasured at fair value, with the resulting gains or losses recognised in the statement of comprehensive income. There is now an option on a case to case basis to measure non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the net identifiable assets of the assets acquired. Goodwill arising from the business combination is measured as the difference between the aggregate fair value of consideration transferred, any non-controlling interests in the acquire and the fair value at acquisition date of any previously-held equity interest in the acquire, and the fair value of identifiable assets acquired and liabilities assumed (including contingent liabilities) at acquisition date.

The revised FRS 3 and FRS 127 apply prospectively to acquisitions occurring on or after 1 January 2011, and therefore had no financial impact on the financial statements of the Group as there were no new business combination during the year.

(ii) Amendments to FRS132 Financial Instruments: Presentation – Classification of Rights Issues

For right issues which are denominated in a currency other than the functional currency of the issuer, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.

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

(iii) Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives

This amendment provided clarification that IC Interpretation 9 does not apply to embedded derivatives acquired via business combinations, and did not have any financial impact on the Group as there were no such embedded derivatives acquired during the financial year.

(iv) IC Interpretation 4 Determining Whether an Arrangement Contains a Lease

This amendment clarifies that when the fulfilment of an arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, then the arrangement should be accounted for as a lease under FRS117, even though it does not take the legal form of a lease.

This IC interpretation did not have any financial impact on the Group or the Company.

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(v) Amendments to FRS7 improving Disclosures about Financial Instruments

Disclosures on fair value and liquidity have been enhanced upon the adoption of this amendment. In particular, financial instruments measured at fair value are disclosed by class in a three-level fair value measurement hierarchy, with specific disclosures related to transfers between levels in the hierarchy and detailed disclosures on level three of the fair value hierarchy. Certain disclosures on liquidity are also modified. The adoption of this amendment resulted in additional disclosures in the financial statements.

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

(vii) Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"

The amendments mainly provide guidance, clarify wordings and remove inconsistencies in existing FRSs. These amendments have extended some of the disclosure requirements under FRS7, such as the quantification of the extent to which collateral and other credit enhancements mitigate credit risk; removes certain disclosure requirements such as the carrying amount of renegotiated assets.

These changes are only presentational in nature and no material impact on the financial statements of the Group or the Company.

4.2 NEW/REVISED FINANCIAL REPORTING STANDARDS (FRS) AND INTERPRETATION

FRSs, Amendments to FRSs and Interpretations not adopted

The Group and the Company's financial statements for annual period beginning on 1 January 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the Malaysian Accounting Standards Board (MASB) and the International Financial Reporting Standards (IFRSs). As a result, the Group and the Company will not be adopting the FRSs, amendments to FRSs and Interpretations that will be effective from 1 July 2011, 1 January 2012 and 1 January 2013.

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 outcome of the material litigation as detailed further in Note 35 has been effected in the financial statements.

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.

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6. PROPERTY, PLANT AND EQUIPMENT

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

GROUP 2011	Land and buildings RM	Plant and machinery RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Motor vehicles RM	Total RM
Cost							
As at 1.1.2011	17,552,297	83,350,117	1,936,092	1,656,224	923,007	995,254	106,412,991
Addition	860,500	2,160,102	1,150	37,001	-	-	3,058,753
Disposal	-	(78,606)	-	-	-	(661,457)	(740,063)
Written off	-	(185,200)	-	-	-	-	(185,200)
As at 31.12.2011	18,412,797	85,246,413	1,937,242	1,693,225	923,007	333,797	108,546,481
Accumulated depreciation							
As at 1.1.2011	4,734,743	64,099,887	1,878,930	1,391,312	746,318	262,636	73,113,826
Charge for the financial year	499,044	4,357,187	20,368	92,996	54,143	120,992	5,144,730
Disposal	-	(33,408)	-	-	-	(143,316)	(176,724)
Written off	-	(154,333)	-	-	-	-	(154,333)
As at 31.12.2011	5,233,787	68,269,333	1,899,298	1,484,308	800,461	240,312	77,927,499
Net carrying amount							
As at 31.12.2011	13,179,010	16,977,080	37,944	208,917	122,546	93,485	30,618,982

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							
As 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)
As 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							
As 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)
As 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							
As at 31.12.2010	12,817,554	19,250,230	57,162	264,912	176,689	732,618	33,299,165

COMPANY 2011	Furniture and fittings **RM**	Office equipment **RM**	Total **RM**
Cost			
As at 1.1.2011	261,733	13,669	275,402
As at 31.12.2011	261,733	13,669	275,402
Accumulated depreciation			
As at 1.1.2011	261,730	9,727	271,457
Charge for the financial year	-	560	560
As at 31.12.2011	261,730	10,287	272,017
Net carrying amount			
As at 31.12.2011	3	3,382	3,385

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

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

	GROUP	
	2011	2010
	RM	RM
Freehold land and buildings	228,172	235,137
Factory buildings on leasehold land classified as prepaid lease payments	12,950,838	12,582,417
	13,179,010	12,817,554

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 Group is in the midst of discharging the charge with the facilities granted which have been fully settled.

	GROUP	
	2011	2010
	RM	RM
Buildings	907,640	929,511
Plant and machinery	646,251	1,124,861
	1,553,891	2,054,372

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	
	2011	2010
	RM	RM
Plant and machinery	6,421,237	6,299,338
Motor vehicles	17,997	638,729
	6,439,234	6,938,067

7. PREPAID LEASE PAYMENTS

	GROUP	
	2011	2010
	RM	RM
Cost		
At 1 January	3,644,337	3,593,337
Addition	-	51,000
At 31 December	3,644,337	3,644,337
Accumulated amortisation		
At 1 January	409,557	385,096
Amortisation for the financial year	25,056	24,461
At 31 December	434,613	409,557
Net carrying amount		
At 31 December	3,209,724	3,234,780

Included in the above is prepaid lease payments with net carrying amount of RM1,213,800 (2010: RM1,213,800) which is charged to a licensed bank for banking facilities granted to the Group.

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8. INVESTMENT IN SUBSIDIARIES

	COMPANY 2011 RM	COMPANY 2010 RM
Unquoted shares, at cost	44,512,733	44,512,733

The details of the subsidiary companies are as follows:-

Name of company	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest 2011 %	Effective equity interest 2010 %	Principal activities
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	Investment holding
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	100	Palm oil packers, trading of palm oil products, manufacturers of or dealers in packaging materials and all related products

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 owing by the said subsidiary to the Company.

On 19 November 2010, the Company has acquired the remaining 30% of the issued and paid-up share capital of Temasek Bay Sdn. Bhd. at a total consideration of RM1,215,000. 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.

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9. OTHER INVESTMENTS

	GROUP	
	2011 RM	2010 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	
	2011 RM	2010 RM
Raw materials	4,826,002	3,805,435
Finished goods	4,979,501	5,485,449
	9,805,503	9,290,884

11. TRADE RECEIVABLES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade receivables	19,437,686	17,514,331	-	-
Less: Impairment loss on trade receivables				
Balance at the beginning of the financial year	(217,801)	(230,694)	-	-
Impairment loss during the financial year	(280,414)	-	-	-
Impairment loss no longer required	32,830	12,893	-	-
	(465,385)	(217,801)	-	-
Balance at the end of the financial year	18,972,301	17,296,530	-	-

The currency exposure profile of trade receivables is as follows:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Ringgit Malaysia	17,139,607	15,271,944	-	-
Singapore Dollar	1,098,434	1,082,385	-	-
US Dollar	1,199,645	1,160,002	-	-
	19,437,686	17,514,331	-	-

Trade receivables are granted credit period of 30 to 90 days (2010: 30 to 90 days). For certain customers, the credit period may be extended at the discretion of the management.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Other receivables	149,064	151,992	-	-
Less: Impairment loss on other receivables	(145,829)	(145,829)	-	-
	3,235	6,163	-	-
Deposits	506,223	838,261	2,289	2,289
Prepayments	826,401	665,073	7,448	9,477
	1,335,859	1,509,497	9,737	11,766

Included in the deposit of the Group are amounts totalling RM159,799 (2010: RM264,337) representing deposits paid for the acquisition of property, plant and equipment. The capital commitment has been disclosed in Note 31.

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	
	2011 RM	2010 RM	2011 RM	2010 RM
Fixed deposits with licensed banks	1,428,575	1,902,315	-	250,458
Investment funds placed with a financial institution	-	2,379,375	-	1,084,564
	1,428,575	4,281,690	-	1,335,022

The fixed deposits have maturity period of 1 to 2 months (2010: 1 month). The effective interest rates of the fixed deposits are between 2.55% and 3.00% (2010: 2.00% and 2.75%) per annum.

In previous financial year, the investment funds generate an effective rate of return of 4.50% per annum.

15. CASH AND BANK BALANCES

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

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Ringgit Malaysia	1,174,885	2,505,785	269,778	103,475
Singapore Dollar	384,244	137,704	-	-
US Dollar	17,117	357,227	-	-
	1,576,246	3,000,716	269,778	103,475

16. SHARE CAPITAL

	GROUP AND COMPANY			
	2011 No. of shares	**2010** No. of shares	**2011** RM	**2010** RM
Ordinary shares of RM1 each				
Authorised	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid	41,981,000	41,981,000	41,981,000	41,981,000

17. TREASURY SHARES

In previous 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 repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act 1965.

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).

18. WARRANT RESERVE

	GROUP AND COMPANY	
	2011 RM	**2010** RM
Warrant reserve	406,828	406,828

Warrants 2009/2019

On 7 April 2009, the Company has announced a proposal which comprises 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 2009, 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.

The salient terms of the Warrants are set out below:

(i) The 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 Warrants may be exercised at any time within ten (10) years commencing on and including the date of issuance of the Warrants and ended at the close of business at 5.00 pm on the date preceding the tenth (10^{th}) 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 Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.

(iii) Upon exercise of the 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 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	
	2011 RM	**2010 RM**
Minimum hire-purchase instalments:-		
- not later than 1 year	1,983,276	2,200,081
- later than 1 year and not later than 5 years	1,595,063	3,324,621
- later than five years	-	68,413
	3,578,339	5,593,115
Unexpired term charges	(258,269)	(515,655)
Outstanding principal amount due	3,320,070	5,077,460
Outstanding principal due not later than 1 year	(1,820,350)	(1,913,927)
Outstanding principal amount due later than 1 year	1,499,720	3,163,533

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

	GROUP	
	2011 RM	**2010 RM**
Later than 1 year and not later than 5 years	1,499,720	3,096,217
Later than 5 years	-	67,316
	1,499,720	3,163,533

The hire-purchase payables bear effective interest rate ranges from 4.63% to 7.21% (2010: 4.63% to 7.21%) per annum.

20. DEFERRED TAX

(a) Deferred Tax Liabilities

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
As at 1 January	2,185,251	1,275,251	-	-
Transfer to income statement (Note 28)	(250,000)	910,000	-	-
As at 31 December	1,935,251	2,185,251	-	-

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

	GROUP	
Deferred tax liabilities	2011 RM	2010 RM
Excess of net book value over tax written down value of property, plant and equipment	3,266,006	3,849,682
Deferred tax assets		
Unabsorbed capital allowances	(971,759)	(1,387,997)
Unutilised tax losses	(162,591)	(162,590)
Other temporary differences	(196,405)	(113,844)
	(1,330,755)	(1,664,431)
	1,935,251	2,185,251

(b) Deferred tax assets

As at 31 December 2011, the Group and the Company has the following deferred tax assets which are not recognised in the financial statements as there are not probable that future taxable income will be available to allow the assets to be utilised:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Other deductible temporary differences	(561)	(606)	(561)	(606)
Unabsorbed capital allowances	246,198	264,905	245,330	264,037
Unutilised tax losses	134,232	148,145	-	13,913
	379,869	412,444	244,769	277,344

As at 31 December 2011, the Group and the Company has unabsorbed tax losses of approximately RM537,000 and NIL (2010: RM592,000 and RM56,000) respectively and unabsorbed capital allowances of approximately RM985,000 and RM981,000 (2010: RM1,060,000 and RM1,056,000) respectively which are available to set-off against future chargeable income.

21. TRADE PAYABLES

The currency exposure profile of trade payables is as follows:

	GROUP	
	2011 RM	2010 RM
Ringgit Malaysia	10,166,647	10,886,161
US Dollar	2,577,469	2,112,259
	12,744,116	12,998,420

The normal credit periods granted by trade suppliers is 90 days (2010: 90 days).

22. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Other payables	202,360	600,797	-	-
Accruals	3,374,380	1,522,615	645,274	275,579
	3,576,740	2,123,412	645,274	275,579

The currency exposure profile of other payables are as follows:

	2011 RM	2010 RM
Ringgit Malaysia	202,360	569,775
US Dollar	-	31,022
	202,360	600,797

23. TERM LOAN

	GROUP	
	2011 RM	2010 RM
Term loans bear effective interest rate of 8.00% per annum, repayable by 72 equal monthly instalments of RM168,670 commencing April 2011	8,653,687	-
Less: Repayments due within 12 months	(1,381,677)	-
Repayments due after 12 months	7,272,010	-

The term loan of the Group was converted from bank overdraft with the settlement of litigation as detailed in Note 35. The term loan of RM9,620,000 is repayable by 72 equal monthly instalments of RM168,670 commencing April 2011. The term loan bears effective interest of 8% per annum.

24. BANK BORROWINGS

	GROUP	
	2011	**2010**
	RM	**RM**
Unsecured		
Bills payable	1,962,000	3,084,000
Bank overdrafts	-	13,322,620
	1,962,000	16,406,620

The bills payable bears effective interest rates ranging from 4.65% and 5.48% (2010: 3.66% and 5.16%) per annum.

In previous financial year, the bank overdrafts bear interest rate of 3.50% above the base lending rate per annum.

In previous financial year, 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 35.

25. REVENUE

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Sale of goods	105,860,233	100,392,250	-	-
Management fees	-	-	2,400,000	2,400,000
	105,860,233	100,392,250	2,400,000	2,400,000

26. FINANCE COST

	GROUP	
	2011	**2010**
	RM	**RM**
Interest on bills payable	80,435	96,542
Interest on bank term loans	551,716	4,489
Interest on bank overdrafts	-	1,166,591
Hire purchase term charges	291,175	213,677
	923,326	1,481,299

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27. PROFIT/(LOSS) BEFORE TAXATION

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

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration				
- statutory audit				
- current year	86,600	84,400	23,000	20,000
- overprovision in prior year	(7,500)	(14,000)	(3,900)	-
- other services	-	25,000	-	25,000
Amortisation of prepaid lease payments	25,056	24,461	-	-
Depreciation	5,144,730	5,368,580	560	560
Directors' remuneration				
- fees	200,668	168,000	200,668	168,000
- other emoluments	911,551	1,009,188	791,232	807,020
(Gain)/Loss on disposal of property, plant and equipment	(58,661)	57,679	-	-
Impairment loss on trade receivables	280,414	-	-	-
Impairment loss on trade receivables no longer required	(32,830)	(12,893)	-	-
Interest expense (Note 26)	923,326	1,481,299	-	-
Operating leases				
- render of premises	805,359	675,667	23,539	23,539
Property, plant and equipment written off	30,867	5,000	-	-
Unrealised loss on foreign exchange	309,925	-	-	-
And crediting:-				
Gain on foreign exchange				
- realised	(286,454)	(690,872)	-	-
- unrealised	-	(244,210)	-	-
Gain on disposal of quoted investment	(32,383)	-	-	-
Interest income received from:				
- fixed deposits	(24,909)	(32,987)	(5,274)	(1,342)
- investment funds	(30,937)	(123,750)	(8,437)	(33,750)
Rental income	(243,000)	(240,000)	-	-
Waiver of bank interest (Note 35)	(3,702,620)	-	-	-

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28. TAXATION

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Current financial year				
- income tax expense	248,497	135,478	11,248	-
- deferred taxation (Note 20)	72,713	910,000	-	-
	321,210	1,045,478	11,248	-
Under provision in prior financial years				
- income tax expense	16,338	7,848	-	-
- deferred taxation (Note 20)	(322,713)	-	-	-
Total tax expense	14,835	1,053,326	11,248	-

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

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Profit/(Loss) before tax	1,530,662	2,236,973	100,962	(114,077)
Tax at the applicable tax rate of 25% (2010: 25%) for the Group and the Company	382,665	559,242	25,241	(28,519)
Tax effects in respect of:				
Non-allowable expenses	269,872	513,841	36,577	52,284
Non-taxable income	(280,757)	-	-	-
Temporary differences not recognised during the financial year	(50,570)	(27,605)	(50,570)	(23,765)
	321,210	1,045,478	11,248	-

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 (2010: 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 (2010: RM13,365,000) in the tax exempt income account available for distribution of tax exempt dividends.

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.

	2011	**2010**
Profit attributable to ordinary equity holders of the Company (RM)	1,515,827	963,754
Weighted average number of ordinary shares in issue	39,379,100	40,231,242
Basic earnings per share (sen)	3.85	2.40

(b) Diluted earnings per ordinary share

The dilutive earnings per share of the Group has been calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares that would have been issued upon full exercise of the remaining Warrants, adjusted by the number of such shares that would have been issued at fair value as follows:

	2011 RM	**2010 RM**
Profit attributable to ordinary equity holders of the Company	1,515,827	963,754
	2011 Shares	**2010 Shares**
Weighted average number of ordinary shares outstanding	39,379,100	40,231,242
Effect of dilution:		
Warrant	20,340,955	20,340,955
Adjusted weighted average number of ordinary shares	59,720,055	60,572,197
Diluted earnings per share (sen)	2.54	1.59

30. STAFF COST

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM	RM	RM	RM
Salaries, wages, allowances and bonuses	10,754,419	9,532,996	1,649,049	1,773,659
Defined contribution plan - EPF contributions	622,416	775,994	185,193	278,359
Social security costs - SOCSO contributions	69,337	63,994	8,121	7,048
Other staff related expenses	612,834	806,285	-	-
	12,059,006	11,179,269	1,842,363	2,059,066

31. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM	RM	RM	RM
Contracted but not provided for:				
Acquisition of property, plant and equipment	237,890	259,380	-	-

32. 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	
	2011	2010	2011	2010
	RM	RM	RM	RM
Management fees charged to subsidiaries	-	-	2,400,000	2,400,000

(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	
	2011	2010	2011	2010
	RM	RM	RM	RM
Fees	200,668	168,000	200,668	168,000
Other emoluments	815,679	901,188	706,452	720,620
Defined Contribution Plans	97,680	108,000	84,780	86,400
Total compensation	1,114,027	1,177,188	991,900	975,020

33. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM	RM	RM	RM
Unsecured corporate guarantees given to banks for credit facilities granted to subsidiaries	-	-	32,770,000	34,450,000

A corporate guarantee of RM9,620,000 has been given by the Company to secure the term loan of a subsidiary during the financial year (Note 23).

34. 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	
	2011	2010
	RM	RM
Not later than one year	517,900	540,000
Later than one year and not later than five years	519,500	-
	1,037,400	540,000

35. MATERIAL LITIGATION

GROUP

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

On 25 February 2009, the Company and RPSB were served with a Writ of Summons by 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 is reversed and credited to statement of comprehensive income for the financial year ended 31 December 2011.

36. 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 Managing 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 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.

2011	Plastic products **RM**	Others **RM**	Eliminations **RM**	Group **RM**
Revenue				
Sales to external customers	90,554,795	15,305,438	-	105,860,233
Inter-segment sales	12,012,146	-	(12,012,146)	-
Total revenue	102,566,941	15,305,438	(12,012,146)	105,860,233
Results				
Segment operating profit/(loss)	4,014,937	(1,560,949)	-	2,453,988
Finance costs	(892,664)	(30,662)	-	(923,326)
Profit before tax				1,530,662
Tax expense				(14,835)
Net profit for the financial year				1,515,827
Other information				
Segment assets	64,256,386	3,697,324	(997,720)	66,955,990
Segment liabilities	30,949,745	2,246,839	(997,720)	32,198,864
Depreciation and amortisation	4,978,098	191,688	-	5,169,786

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 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

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Major customers

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

	2011 RM	2010 RM	Segment
All common control companies of:			
- Customer A	16,849,984	13,988,356	Plastic Products
- Customer B	13,263,054	11,923,259	Plastic Products

37. 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	
	2011 RM	2010 RM
Plastic products	18,238,041	16,354,329
Others	1,199,645	1,160,002
	19,437,686	17,514,331

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

	GROUP	
	2011	**2010**
	RM	**RM**
Neither past due nor impaired	11,554,846	10,162,638
Past due, not impaired		
1-30 days	5,084,842	4,837,498
31-60 days	1,679,857	1,646,299
61-90 days	430,861	294,059
More than 90 days	221,895	356,036
Past due and impaired		
More than 90 days past due and impaired	465,385	217,801
	19,437,686	17,514,331

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 RM7,417,455 (2010: RM7,133,892) that are past due at the reporting date but not impaired are unsecured in nature. The Group has subsequently collected RM5,931,108 (2010: 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	
	2011	**2010**
	RM	**RM**
As at 1 January	217,801	230,694
Charge for the financial year	280,414	-
Impairment losses on trade receivables no longer required	(32,830)	(12,893)
As at 31 December	465,385	217,801

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.

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(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 statements 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 RM10,615,687 (2010: RM16,406,620) 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.

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(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.

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 to 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 RM46,000 (2010: 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.

During 2011, the Group's strategy, which was unchanged from 2010, 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 2011 and at 31 December 2010 were as follows:

	GROUP	
	2011 RM	**2010 RM**
Total hire purchase liabilities (Note 19)	3,320,070	5,077,460
Total term loan (Note 23)	8,653,687	-
Total borrowings (Note 24)	1,962,000	16,406,620
Less: Short term deposits	(1,428,575)	(4,281,690)
Cash and bank balances	(1,576,246)	(3,000,716)
Net debt	10,430,936	14,201,674

	GROUP	
	2011 RM	**2010 RM**
Total equity	34,757,126	33,241,299
Debt-to-equity ratio	0.315	0.427

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.

38. 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 10th Floor, Menara Hap Seng, No. 1 & 3 Jalan P Ramlee, 50250 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.

39. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 21 April 2012.

40. 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 2011 are as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM	RM	RM	RM
Total (accumulated losses) /unappropriated profits of the Group and Company				
- Realised	(2,190,563)	(4,428,929)	5,677,883	5,588,169
- Unrealised	(2,871,781)	(2,149,242)	-	-
	(5,062,344)	(6,578,171)	5,677,883	5,588,169

The determination of realised and unrealised profits or losses are 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 29 to 75 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 2011 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

TAN HENG TA
Director

GOH KIM CHON
Director

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 29 to 75 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

Before me

RALCO CORPORATION BERHAD

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 2011 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 29 to 75.

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.

RALCO CORPORATION BERHAD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

RALCO CORPORATION BERHAD (CONTINUED)

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 2011 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 40 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 TO THE MEMBERS OF

RALCO CORPORATION BERHAD (CONTINUED)

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

21 April 2012

LIST OF GROUP'S PROPERTIES
As at Year 2011

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	9,766,078	14	10/06/1991
Lot 1478 Kawasan Perusahaan Nilai 71800 Nilai Negeri Sembilan	Land and Building (Factory)	Leasehold (20/08/2089)	4,464 sq. meters	2,531,929	15	12/12/1995
PT. 5001, 5536, 5490, 5491, 5535 Mukim Labu 71800 Nilai Negeri Sembilan	Land and Building 5 units Single -Storey Terrace House (Workers Hotel)	Freehold	(95 sq. meters each)	228,172	19	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	2,652,968	14	20/03/2003
No. 32, 38, 40, Jalan Bistari 2, Taman Industri Jaya, 81300 Skudai, Johor	1 ½ Storey Terrace Workshop	Leasehold (03/09/2911)	(186 sq. meters each)	716,320	12	11/02/2011

ANALYSIS OF SHAREHOLDINGS
As at 23 April 2012

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	22	1.88	701	0.00
100 – 1,000	69	5.91	45,491	0.11
1,001 – 10,000	893	76.52	2,617,627	6.24
10,001 – 100,000	138	11.83	3,609,500	8.60
100,001 – less than 5% of issued shares	42	3.60	20,290,481	48.33
5% and above issued shares	3*	0.26	15,417,200	36.72
Total	1,167	100.00	41,981,000	100.00

* Includes share buy back account of the Company

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS:

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 AND RELATED CORPORATIONS

Name of Director	Direct No. of Shares	%	Indirect No. of Shares	%
1. Tan Heng Ta	7,736,800	18.43	-	-
2. Sui Diong Hoe	1,824,238	4.35	-	-

Save as disclosed above, none of the other Directors of the Company has any interest, direct or indirect, in shares of the Company and of its related corporations.

By virtue of Tan Heng Ta's interest in the shares of the Company, the Director is also deemed to be interested in the shares of all subsidiaries to the extent the Company has an interest.

LIST OF 30 LARGEST SHAREHOLDERS
As at 23 April 2012

No.	Name of Registered Shareholders	Shareholdings	%
1.	HLB Nominees (Tempatan) Sdn Bhd *(pledged securities account for Tan Heng Ta)*	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.	Duclos Sdn Bhd	1,636,800	3.90
7.	OSK Nominees (Tempatan) Sdn Berhad *(OSK Capital Sdn Bhd for Sui Diong Hoe)*	1,567,338	3.73
8.	Teng Li Ling	1,200,000	2.86
9.	OSK Nominees (Tempatan) Sdn Berhad *(pledged securities account for Lee Thiam Loy)*	1,191,478	2.84
10.	Lee Ngee Moi	1,100,700	2.62
11.	Kong Sum Mooi	1,000,000	2.38
12.	Kenanga Nominees (Asing) Sdn Bhd *(DMG & Partners Securities Pte Ltd for International Scientific (Private) Limited)*	964,945	2.30
13.	Chia May Fong	712,800	1.70
14.	Harmony Chime Sdn Bhd	689,400	1.64
15.	Lai Mooi Far	625,700	1.49
16.	OSK Nominees (Tempatan) Sdn Berhad *(pledged securities account for Pau Chiong Ung)*	506,000	1.21
17.	Yew Vui Heung	310,700	0.74
18.	Ching Gek Lee	300,000	0.71
19.	Gek Lee Enterprise Sdn Bhd	300,000	0.71
20.	Public Nominees (Tempatan) Sdn Bhd *(pledged securities account for Nge Nyit Hua)*	288,200	0.69
21	Syarikat Rimba Timur (RT) Sdn Bhd	275,000	0.66
22.	A Vemala A/P K Balan	274,000	0.65
23.	Public Invest Nominees (Tempatan) Sdn Bhd *(pledged securities account for Sui Diong Hoe)*	222,100	0.53
24.	Kenanga Nominees (Asing) Sdn Bhd *(UOB Kay Hian Pte Ltd for Chan Wang Joo @ Tan Wang Joo)*	218,000	0.52
25.	TA Nominees (Tempatan) Sdn Bhd *(pledged securities account for Cheong Kuang Huang)*	213,500	0.51
26.	OSK Nominees (Tempatan) Sdn Berhad *(pledged securities account for Loh Tung Sing)*	209,500	0.50
27.	Public Nominees (Tempatan) Sdn Bhd *(pledged securities account for Ting Hua Liong)*	200,000	0.48
28.	Chai Fooi Heong	195,100	0.46
29.	Bumi Malabar Sdn Bhd	182,600	0.44
30.	OSK Nominees (Tempatan) Sdn Berhad *(for Lee Thiam Fah)*	153,200	0.36
	Total	33,954,261	80.88

WARRANT HOLDINGS STRUCTURE

As at 23 April 2012

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	46	9.28	1,815	0.01
100 – 1,000	80	16.88	59,779	0.29
1,001 – 10,000	185	41.56	712,690	3.50
10,001 – 100,000	104	23.42	3,888,707	19.12
100,001 – less than 5% of exercised warrants	33	8.23	8,551,060	42.04
5% of exercised warrants and above	4	0.63	7,126,904	35.04
Total	452	100.00	20,340,955	100.00

DIRECTORS' WARRANTS HOLDINGS

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

LIST OF 30 LARGEST WARRANTS HOLDERS

As at 23 April 2012

No.	Name Of Registered Holders	Warrants Holdings	%
1.	Datin Goh Phaik Lynn	2,106,800	10.36
2	Kong Sum Mooi	1,761,500	8.66
3.	OSK Nominees (Tempatan) Sdn Berhad *(OSK Capital Sdn Bhd for Sui Diong Hoe)*	1,674,904	8.23
4.	Lim Kwee Seng	1,583,700	7.79
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)*	385,978	1.90
11.	Er Yow Tong	367,500	1.81
12.	Low Saw Sian	335,000	1.65
13.	Sui Diong Hoe	321,343	1.58
14.	OSK Nominees (Asing) Sdn Berhad *(pledged securities account for Tan Boon Chiang)*	291,600	1.43
15.	Maybank Nominees (Tempatan) Sdn Bhd *(Ng Cheng Tat)*	285,877	1.41
16.	Harmony Chime Sdn Bhd	277,000	1.36
17.	Wong Ah Yong	260,000	1.28
18.	CIMSEC Nominees (Tempatan) Sdn Bhd *(CIMB Bank for Wong Ah Yong)*	250,000	1.23
19.	Maybank Nominees (Tempatan) Sdn Bhd *(pledged securities account for Jenny Chan Yin Lai)*	236,800	1.16
20.	Ambank (M) Berhad *(pledged securities account for Wong Ah Yong)*	200,000	0.98
21.	CIMSEC Nominees (Tempatan) Sdn Bhd *(CIMB for Ling Lee Wee)*	200,000	0.98
22.	Citigroup Nominees (Tempatan) Sdn Bhd *(pledged securities account for Wong Ah Yong)*	200,000	0.98
23.	Ngo Tek Phang	183,696	0.90
24.	Public Invest Nominees (Tempatan) Sdn Bhd *(pledged securities account for Sui Diong Hoe (M))*	150,042	0.74
25.	Ching Gek Lee	150,000	0.74
26.	Tee Hock Seng	150,000	0.74
27.	Gek Lee Enterprise Sdn Bhd	146,000	0.72
28.	Sim Yung Chi	143,600	0.71
29.	Lee Soon Fah	141,000	0.69
30.	Loh Choon Yow	140,000	0.69
	Total	14,888,840	73.21

RALCO CORPORATION BERHAD

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 ____

*and/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 17^{th} Annual General Meeting of the Company to be held at the Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Monday, 18^{th} day of June 2012 at 10.00 a.m. or at any adjournment thereof.

My/our proxy shall vote as follows:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2011.		
2.	To approve the payment of Directors' fees.		
3.	To re-elect Mr Sui Diong Hoe as Director.		
4.	To re-elect Mr Heng Chee Wei as Director.		
5.	To re-appoint Messrs. RSM Robert Teo, Kuan & Co. as Auditors.		
6.	Authority to issue shares under Section 132D of the Companies Act, 1965.		
7.	Proposed Amendments to the Articles of Association.		

(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)

The proportion of my/our shareholding to be represented by my/our proxy/proxies is as follows:

First named proxy	%
Second named proxy	%
	100%

In case of a vote taken by show of hands, the first named proxy shall vote on my/our behalf.

Dated this day of 2012

No. of share 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 Share Registrar's office, System & Securities Sdn Bhd at Plaza 138, Suite 18.03, 18^{th} 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.

*Delete whichever is not applicable.

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Stamp

The Share Registrar
RALCO CORPORATION BERHAD (333101-V)
System & Securities Sdn Bhd
Plaza 138, Suite 18.03
18th Floor, 138 Jalan Ampang
50450 Kuala Lumpur

Then fold here