PLASTRADE TECHNOLOGY BERHAD

(Incorporated in Malaysia)
Company No.: 591077-X

FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM	THE COMPANY RM
(Loss)/Profit after tax for the financial year	(260,031)	21,109

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised share capital of the Company;

(b) the Company increased its issued and paid-up share capital from RM15,015,000 to RM15,040,000 by way of special bumiputera issue of 250,000 new ordinary shares of RM0.10 each; and

(c) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are set out in Note 35 to the financial statements. At the date of this report, there does not exist:-

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

PUA KONG HOI
CHANG HING LING @ CHEUN POH KERN
CHOW KWAI FONG
TENG CHEE KUAN
WINSTON PAUL WONG CHI-HUANG

Pursuant to Article 101 of the Articles of Association of the Company, Teng Chee Kuan and Chang Hing Ling @ Cheun Poh Kern will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Pursuant to Section 129(5) of the Companies Act 1965, Chow Kwai Fong retires at the forthcoming annual general meeting and offers himself for re-election.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH			
	AT 1.1.2010	BOUGHT	SOLD	AT 31.12.2010
PUA KONG HOI	59,669,156	-	-	59,669,156
CHANG HING LING @ CHEUN POH KERN	4,798,487	-	-	4,798,487
TENG CHEE KUAN	2,844,816	-	-	2,844,816

By virtue of his interest in the Company, Pua Kong Hoi is deemed to have interests in shares in the subsidiaries to the extent of the Company's interest in accordance with Section 6A of the Companies Act 1965.

None of the other directors holding office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 34 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 9 APRIL 2011

Pua Kong Hoi

Teng Chee Kuan

STATEMENT BY DIRECTORS

We, Pua Kong Hoi and Teng Chee Kuan, being two of the directors of Plastrade Technology Berhad, state that, in the opinion of the directors, the financial statements set out on pages 10 to 78 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2010 and of its results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 39, which is not part of the financial statements, is prepared in all material respects, 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 and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 9 APRIL 2011

Pua Kong Hoi **Teng Chee Kuan**

STATUTORY DECLARATION

I, Pua Kong Hoi, I/C No.: 480605-10-5493, being the director primarily responsible for the financial management of Plastrade Technology Berhad, do solemnly and sincerely declare that the financial statements set out on pages 10 to 78 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 Declaration Act 1960.

Subscribed and solemnly declared by
Pua Kong Hoi, I/C No.: 480605-10-5493,
at Johor Bahru in the state of Johor
on this 9 April 2011

Before me **Pua Kong Hoi**
RUSLY B. MOHD. YUNUS P.I.S. (NO. J112)
Commissioner For Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PLASTRADE TECHNOLOGY BERHAD
(Incorporated in Malaysia)
Company No.: 591077-X

Report on the Financial Statements

We have audited the financial statements of Plastrade Technology Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 78.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

The supplementary information set out in Note 39 to the financial statements on page 79 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.

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.

Crowe Horwath	**Wong Tak Mun**
Firm No.: AF 1018	Approval No: 1793/09/12 (J)
Chartered Accountants	Chartered Accountant

9 April 2011

Johor Bahru

PLASTRADE TECHNOLOGY BERHAD
(Incorporated in Malaysia)
Company No.: 591077-X

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2010

		THE GROUP			THE COMPANY	
	NOTE	31.12.2010 RM	31.12.2009 RM (Restated)	1.1.2009 RM (Restated)	31.12.2010 RM	31.12.2009 RM
ASSETS						
NON-CURRENT ASSETS						
Investments in subsidiaries	5	-	-	-	9,749,998	9,749,998
Investment in an associate	6	5,746,268	5,780,573	4,744,335	4,215,390	4,215,390
Property, plant and equipment	7	19,346,619	21,980,237	24,414,001	-	-
Prepaid land lease payments	8	-	-	-	-	-
Goodwill on consolidation	9	1,792,432	1,792,432	1,792,432	-	-
Amount owing by related companies	10	-	-	-	4,874,117	-
		26,885,319	29,553,242	30,950,768	18,839,505	13,965,388
CURRENT ASSETS						
Inventories	11	12,678,946	11,135,657	10,443,684	-	-
Trade receivables	12	6,913,868	9,514,184	7,204,091	-	-
Other receivables, deposits and prepayments	13	98,122	285,285	231,770	-	140,219
Amount owing by related companies	10	-	-	-	190,000	6,450,415
Amount owing by related parties	14	2,183,086	1,087,860	780,271	-	-
Marketable securities	15	17,038	16,748	16,519	5,634	5,520
Tax recoverable		332,557	180,847	167,230	33,327	13,617
Fixed deposits with licensed banks	16	2,510,192	2,452,949	2,386,310	-	-
Cash and bank balances		2,646,858	2,529,258	2,173,189	112,563	8,179
		27,380,667	27,202,788	23,403,064	341,524	6,617,950
TOTAL ASSETS		54,265,986	56,756,030	54,353,832	19,181,029	20,583,338

PLASTRADE TECHNOLOGY BERHAD
(Incorporated in Malaysia)
Company No.: 591077-X

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2010 (CONT'D)

		THE GROUP			THE COMPANY	
	NOTE	31.12.2010 RM	31.12.2009 RM (Restated)	1.1.2009 RM (Restated)	31.12.2010 RM	31.12.2009 RM
EQUITY AND LIABILITIES						
EQUITY						
Share capital	17	15,040,000	15,015,000	15,015,000	15,040,000	15,015,000
Reserves	18	12,642,143	13,385,619	13,647,672	4,068,436	5,508,418
SHAREHOLDERS' EQUITY		27,682,143	28,400,619	28,662,672	19,108,436	20,523,418
NON-CURRENT LIABILITIES						
Long-term borrowings	19	265,148	846,127	2,349,090	-	-
Deferred tax liability	20	1,336,000	1,397,000	1,937,000	-	-
		1,601,148	2,243,127	4,286,090	-	-
CURRENT LIABILITIES						
Trade payables	21	3,614,715	3,749,459	3,236,922	-	-
Other payables and accruals	22	825,764	699,138	632,193	61,593	59,920
Amount owing to a related party	23	604,121	-	-	-	-
Provision for tax		85,000	69,458	104,178	11,000	-
Short-term borrowings	24	17,424,749	19,759,234	15,043,070	-	-
Bank overdrafts	27	2,428,346	1,834,995	2,388,707	-	-
		24,982,695	26,112,284	21,405,070	72,593	59,920
TOTAL LIABILITIES		26,583,843	28,355,411	25,691,160	72,593	59,920
TOTAL EQUITY AND LIABILITIES		54,265,986	56,756,030	54,353,832	19,181,029	20,583,338

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
	NOTE	RM	RM	RM	RM
REVENUE	28	52,890,629	42,085,305	120,000	120,000
COST OF SALES		(49,443,018)	(40,433,394)	-	-
GROSS PROFIT		3,447,611	1,651,911	120,000	120,000
OTHER INCOME		260,713	202,242	125,187	97
		3,708,324	1,854,153	245,187	120,097
ADMINISTRATIVE AND GENERAL EXPENSES		(1,923,857)	(1,891,075)	(213,588)	(200,734)
SELLING AND DISTRIBUTION EXPENSES		(1,268,859)	(683,430)	-	-
FINANCE COSTS		(1,094,327)	(921,670)	-	-
SHARE OF RESULTS IN ASSOCIATE		439,757	1,185,964	-	-
(LOSS)/PROFIT BEFORE TAX	29	(138,962)	(456,058)	31,599	(80,637)
TAX (EXPENSE) /INCOME	30	(121,069)	194,005	(10,490)	(12,259)
(LOSS)/PROFIT AFTER TAX		(260,031)	(262,053)	21,109	(92,896)
OTHER COMPREHENSIVE EXPENSE, NET OF TAX					
- Share of associate's other comprehensive income		(343,726)	-	-	-
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR		(603,757)	(262,053)	21,109	(92,896)

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
	NOTE	RM	RM	RM	RM
(LOSS)/PROFIT AFTER TAX ATTRIBUTABLE TO:-					
- Owners of the Company		(260,031)	(262,053)	21,109	(92,896)
- Minority interests		-	-	-	-
TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO:-					
- Owners of the Company		(603,757)	(262,053)	21,109	(92,896)
- Minority interests		-	-	-	-
LOSS PER SHARE					
- BASIC (SEN)	31	(0.17)	(0.17)		
- DILUTED (SEN)	31	N/A	N/A		

PLASTRADE TECHNOLOGY BERHAD
(Incorporated in Malaysia)
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	NOTE	<----------------	NON DISTRIBUTABLE RESERVE	------------------------>	DISTRIBUTABLE RESERVE	
THE GROUP		SHARE CAPITAL RM	SHARE PREMIUM RM	FOREIGN TRANSLATION RESERVE RM	RETAINED PROFITS RM	TOTAL RM
At 1.1.2009		15,015,000	6,222,172	-	7,425,500	28,662,672
Total comprehensive expenses for the financial year		-	-	-	(262,053)	(262,053)
At 31.12.2009/1.1.2010		15,015,000	6,222,172	-	7,163,447	28,400,619
Issuance of shares	17	25,000	-	-	-	25,000
Share issuance expenses		-	(139,719)	-	-	(139,719)
Total comprehensive expenses for the financial year		-	-	(343,726)	(260,031)	(603,757)
At 31.12.2010		15,040,000	6,082,453	(343,726)	6,903,416	27,682,143

PLASTRADE TECHNOLOGY BERHAD
(Incorporated in Malaysia)
Company No : 591077-X

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

THE COMPANY	NOTE	SHARE CAPITAL RM	NON DISTRIBUTABLE RESERVE SHARE PREMIUM RM	DISTRIBUTABLE RESERVE ACCUMULATED LOSSES RM	TOTAL RM
At 1.1.2009		15,015,000	6,222,172	(620,858)	20,616,314
Total comprehensive expenses for the financial year		-	-	(92,896)	(92,896)
At 31.12.2009/1.1.2010					
- as previously reported		15,015,000	6,222,172	(713,754)	20,523,418
- effect of adopting FRS 139	3(a)(iii)	-	-	(1,321,372)	(1,321,372)
- as restated		15,015,000	6,222,172	(2,035,126)	19,202,046
Issuance of shares	17	25,000	-	-	25,000
Share issuance expenses		-	(139,719)	-	(139,719)
Total comprehensive income for the financial year		-	-	21,109	21,109
At 31.12.2010		15,040,000	6,082,453	(2,014,017)	19,108,436

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
(Loss)/Profit before tax	(138,962)	(456,058)	31,599	(80,637)
Adjustments for:-				
Depreciation of property, plant and equipment	2,767,053	2,809,161	-	-
Interest expense	963,029	826,556	-	-
Interest income	(58,595)	(63,838)	(125,187)	(97)
Impairment loss on trade receivables	16,575	-	-	-
Reversal of impairment losses on receivables	-	(776)	-	-
Share of profit of an associate	(439,757)	(1,185,964)	-	-
Operating profit/(loss) before working capital changes	3,109,343	1,929,081	(93,588)	(80,734)
Increase in inventories	(1,543,289)	(691,973)	-	-
Decrease/(Increase) in trade and other receivables	2,770,904	(2,362,832)	140,219	(138,219)
(Increase)/Decrease in amount owing by related parties/companies	(491,105)	(307,589)	189,999	289,999
(Decrease)/Increase in trade and other payables	(8,118)	579,482	1,673	(47,560)
CASH FROM/(FOR) OPERATIONS	3,837,735	(853,831)	238,303	23,486
Interest paid	(963,029)	(826,556)	-	-
Net tax paid	(187,901)	(244,606)	(19,200)	(33,259)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	2,686,805	(1,924,993)	219,103	(9,773)

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

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
	NOTE	RM	RM	RM	RM
CASH FLOWS FOR INVESTING ACTIVITIES					
Interest received		58,305	63,609	-	-
Purchase of plant and equipment		(133,435)	(375,397)	-	-
NET CASH FOR INVESTING ACTIVITIES		(75,130)	(311,788)	-	-
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Net drawdown of bankers' acceptances		(11,402,316)	4,687,266	-	-
Net drawdown of trust receipts		9,943,071	8,775	-	-
Proceeds from issuance of shares		25,000	-	25,000	-
Repayment of hire purchase payables		(537,423)	(562,063)	-	-
Repayment of term loans		(918,796)	(920,777)	-	-
Payment of share issuance expenses		(139,719)	-	(139,719)	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(3,030,183)	3,213,201	(114,719)	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(418,508)	976,420	104,384	(9,773)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		3,147,212	2,170,792	8,179	17,952
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	32	2,728,704	3,147,212	112,563	8,179

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Suite 5.11 & 5.12 5th Floor, Menara TJB No.9, Jln Syed Mohd Mufti 80000 Johor Bahru
Principal place of business	:	PLO 264, Jalan Firma 3 Tebrau Industrial Estate IV 81100 Johor Bahru Johor

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 9 April 2011.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

3. BASIS OF PREPARATION (CONT'D)

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

3. BASIS OF PREPARATION (CONT'D)

(a) **FRSs and IC Interpretations (including the Consequential Amendments)**

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Annual Improvements to FRSs (2009)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

(i) FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 January 2010, information about financial statements was disclosed in accordance with the requirements of FRS 132 - Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

(ii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

3. BASIS OF PREPARATION (CONT'D)

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

FRS 101 (Revised) also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Note 37(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

(iii) The adoption of FRS 139 (including the consequential amendments) has resulted in a financial impact to the financial statements as disclosed below:-

	NOTE	THE COMPANY AT 1.1.2010 RM
Retained profits		
Remeasurement of inter-company balances	(aa)	(1,321,372)
		(1,321,372)

(aa) Prior to 1 January 2010, inter-company loans or advances were recorded at cost. With the adoption of FRS 139, inter-company loans and advances are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Subsequent to initial recognition, the loans and advances are measured at amortised cost.

All these financial impacts are recognised as an adjustment to the opening balance of retained profits or another appropriate reserve upon the adoption of FRS 139. Comparatives are not adjusted/represented by virtue of the exemption given in this standard.

3. BASIS OF PREPARATION (CONT'D)

(a) (iv) The Group has adopted the amendments made to FRS 117 - Leases pursuant to the Annual Improvements to FRSs (2009). The Group has reassessed and determined that the leasehold land of the Group is in substance a finance lease and has been reclassified as property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

(v) During the current financial year, the Group has adopted FRS 8, Operating Segments, being the Financial Reporting Standard effective for financial periods beginning on or after 1 July 2009. FRS 8 replaces FRS 114_{2004} Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this new Standard does not have any material impact on the financial statements of the Group.

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

FRSs and IC Interpretations (including the Consequential Amendments)	**Effective date**
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011

3. BASIS OF PREPARATION (CONT'D)

(b)

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvements to FRSs (2010)	1 January 2011

3. BASIS OF PREPARATION (CONT'D)

(b) The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

(i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting its future transactions or arrangements.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, incomes and expenses are discussed below.

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

(i) Depreciation of Property, Plant and Equipment (Cont'd)

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iii) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer creditworthiness and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

(v) Write down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require management to consider the future demand for the products, ageing analysis and subsequent events. In general, such an evaluation process requires significant judgement and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

(vi) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(b) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Functional and Foreign Currencies (Cont'd)

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to Ringgit Malaysia at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

(c) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provision of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments (Cont'd)

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established.

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- *Loans and Receivables Financial Assets*

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *Available-for-sale Financial Assets*

  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

  Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

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

(ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments (Cont'd)

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2010.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

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

Minority interests in the consolidated statement of financial position consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of Consolidation (Cont'd)

Minority interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with minority interests are accounted for as transactions with owners. Gain or loss on disposal to minority interests is recognised directly in equity.

(e) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(f) Investment in an Associate

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investment in an associate are stated at cost in the statement of financial position of the Company and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

The investment in an associate is accounted for under the equity method, based on the financial statements of the associate made up to 31 December 2010. The Group's share of the post acquisition profits of the associate is included in the consolidated statement of comprehensive income and the Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Goodwill on Consolidation

Goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

(h) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less impairment losses, if any, and is not depreciated.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives.

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Over the remaining lease period
Leasehold buildings	2% or over the remaining lease period
Plant and machinery	10% - 20%
Furniture, fittings and office equipment	10% - 40%
Renovation and electrical installation	10%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Property, Plant and Equipment (Cont'd)

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

In the previous financial year, a leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land that was accounted for as an operating lease represents prepaid lease payments.

During the financial year, the Group adopted the amendments made to FRS 117 - Leases in relation to the classification of lease of land. The Group's leasehold land which in substance is a finance lease has been reclassified as property, plant and equipment and measured as such retrospectively.

(i) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment (Cont'd)

(i) Impairment of Financial Assets (Cont'd)

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in the fair value reserve is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

(ii) Impairment of Non-financial Assets

The carrying values of assets, other than those to which FRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment (Cont'd)

(ii) Impairment of Non-financial Assets (Cont'd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(j) Assets Acquired under Hire Purchase

Plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4 (h) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding outstanding obligations due under the hire purchase after deducting finance charges are included as liabilities in the financial statements. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the cost of materials and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods includes the cost of materials, labour and an appropriate proportion of production overheads.

Net realisable value represents the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Inventories (Cont'd)

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

(l) Income Taxes

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination cost or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Income Taxes (Cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(m) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

(n) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, and bank overdrafts that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(o) Operating Segments

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(q) Related Parties

A party is related to an entity if:-

(a) directly, or indirectly through one or more intermediaries, the party:-
  (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  (ii) has an interest in the entity that gives it significant influence over the entity; or
  (iii) has joint control over the entity;
(b) the party is an associate of the entity;
(c) the party is a joint venture in which the entity is a venturer;
(d) the party is a member of the key management personnel of the entity or its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(s) Revenue Recognition

(i) Sales of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(ii) Interest Income

Interest income is recognised on an accrual basis.

(iii) Management Income

Management fee is recognised on an accrual basis.

(iv) Rental Income

Rental income is recognised on an accrual basis.

5. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2010	2009
	RM	RM
Unquoted shares, at cost	9,749,998	9,749,998

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Proportion of Ownership Interest 2010 %	Proportion of Ownership Interest 2009 %	Principal Activities
MHT Manufacturing Sdn. Bhd. *	Malaysia	100	100	Manufacturing of polyethylene compound for wire and cable insulation and jacketing.
Plascable Polymer Sdn. Bhd. *	Malaysia	100	100	Compounding of plastic master batches, polymer additives, plastic compounds and composites.

* Audited by Crowe Horwath

6. INVESTMENT IN AN ASSOCIATE

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Unquoted shares, at cost	4,215,390	4,215,390	4,215,390	4,215,390
Share of post acquisition profits	1,874,604	1,565,183	-	-
Share of post acquisition other comprehensive income	(343,726)	-	-	-
	5,746,268	5,780,573	4,215,390	4,215,390

6. INVESTMENT IN AN ASSOCIATE (CONT'D)

Details of the associate is as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2010 %	2009 %	Principal Activities
Shanghai Quasar Polymer Technology Co. Ltd.*	The People's Republic of China	25	25	Manufacturing and trading of cross linkable polyethylene compounds, polyethylene compounds and related products.

* Audited by a firm other than Crowe Horwath

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:-

	THE GROUP 2010 RM	2009 RM
Assets and liabilities		
Total assets	28,917,946	24,246,918
Total liabilities	(9,920,388)	(5,112,139)
Results		
Revenue	50,936,868	52,061,156
Profit after taxation	1,237,683	4,141,754

7. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	As Previously Reported At 1.1.2010 RM	Effects Of FRS 117 RM	As Restated At 1.1.2010 RM	Additions RM	Depreciation Charge RM	At 31.12.2010 RM
Net book value						
Freehold land	700,000	-	700,000	-	-	700,000
Leasehold land	-	2,072,114	2,072,114	-	(64,783)	2,007,331
Leasehold buildings	6,655,741	-	6,655,741	44,500	(189,561)	6,510,680
Plant and machinery	12,325,890	-	12,325,890	68,906	(2,460,691)	9,934,105
Furniture, fittings and office equipment	154,863	-	154,863	20,029	(39,677)	135,215
Renovation and electrical installation	71,629	-	71,629	-	(12,341)	59,288
	19,908,123	2,072,114	21,980,237	133,435	(2,767,053)	19,346,619

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE GROUP	As Previously Reported At 1.1.2009 RM	Effects Of FRS 117 RM	As Restated At 1.1.2009 RM	Additions RM	Restated Depreciation Charge RM	Restated At 31.12.2009 RM
Net book value						
Freehold land	700,000	-	700,000	-	-	700,000
Leasehold land	-	2,136,897	2,136,897	-	(64,783)	2,072,114
Leasehold buildings	6,787,107	-	6,787,107	57,534	(188,900)	6,655,741
Plant and machinery	14,565,137	-	14,565,137	260,520	(2,499,767)	12,325,890
Furniture, fittings and office equipment	195,398	-	195,398	3,788	(44,323)	154,863
Renovation and electrical installation	29,462	-	29,462	53,555	(11,388)	71,629
	22,277,104	2,136,897	24,414,001	375,397	(2,809,161)	21,980,237

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE GROUP		Accumulated	Net Book
	At Cost	Depreciation	Value
At 31.12.2010	RM	RM	RM
Freehold land	700,000	-	700,000
Leasehold land	2,575,000	(567,669)	2,007,331
Leasehold buildings	7,966,574	(1,455,894)	6,510,680
Plant and machinery	25,193,589	(15,259,484)	9,934,105
Furniture, fittings and office equipment	418,369	(283,154)	135,215
Renovation and electrical installation	188,930	(129,642)	59,288
	37,042,462	(17,695,843)	19,346,619

		Accumulated	Net Book
	At Cost	Depreciation	Value
At 31.12.2009	RM	RM	RM
Freehold land	700,000	-	700,000
Leasehold land	2,575,000	(502,886)	2,072,114
Leasehold buildings	7,922,074	(1,266,333)	6,655,741
Plant and machinery	25,124,683	(12,798,793)	12,325,890
Furniture, fittings and office equipment	398,340	(243,477)	154,863
Renovation and electrical installation	188,930	(117,301)	71,629
	36,909,027	(14,928,790)	21,980,237

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Plant and machinery of the Group acquired under hire purchase terms was carried at net book value of RM1,109,821 (2009: RM1,654,256) at the end of the reporting period.

The net book value of property, plant and equipment pledged as securities for banking facilities granted to the Group as disclosed in Note 24 and 26 are as follows:-

	THE GROUP	
	2010	2009
	RM	RM
Freehold land	700,000	700,000
Leasehold land	2,007,331	2,072,114
Leasehold buildings	6,510,680	6,655,741
	9,218,011	9,427,855

8. PREPAID LAND LEASE PAYMENTS

	THE GROUP	
	2010	2009
	RM	RM
Leasehold land, at cost		
- as previously reported	-	2,575,000
- Effects of FRS 117	-	(2,575,000)
- as restated	-	-
Accumulated amortisation		
- as previously reported	-	502,886
- Effects of FRS 117	-	(502,886)
	-	-
	-	-

The Group has adopted the amendments made to FRS 117 - Leases during the financial year. The Group has reassessed and determined that the leasehold land of the Group is in substance a finance lease and has been reclassified as property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

9. GOODWILL ON CONSOLIDATION

	THE GROUP 2010 RM	2009 RM
At cost and net carrying amount		
At 1 January/31 December	1,792,432	1,792,432

Impairment tests for goodwill

Key assumptions used in value-in-use calculations

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations using discounted cash flow projections based on financial budgets approved by the directors of the Company covering a five-year period and the discount rate applied to the cash flow projections is 7.10%.

10. AMOUNT OWING BY RELATED COMPANIES

	THE COMPANY 2010 RM	2009 RM
Non-current:-		
Quasi loans		
Subsidiaries	1,320,000	-
Non-trade related balances		
Subsidiaries	3,554,117	-
	4,874,117	-
Current:-		
Trade related balances		
Subsidiaries	-	1,320,000
Non-trade related balances		
Subsidiaries	190,000	5,130,415
	190,000	6,450,415
	5,064,117	6,450,415

10. AMOUNT OWING BY RELATED COMPANIES (CONT'D)

Quasi loans

Quasi loans represent payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.

Non-trade balances

The amounts owing are unsecured, and interest-free.

Non-current portion represents instalments not to be repaid within the next twelve months.

Current portion represents instalments to be repayable on demand.

11. INVENTORIES

	THE GROUP	
	2010	2009
	RM	RM
At cost:-		
Raw materials	6,525,518	6,965,377
Finished goods	5,443,010	3,704,019
	11,968,528	10,669,396
At net realisable value:-		
Raw materials	392,653	162,924
Finished goods	317,765	303,337
	710,418	466,261
	12,678,946	11,135,657

12. TRADE RECEIVABLES

	THE GROUP	
	2010	2009
	RM	RM
Trade receivables	7,221,248	9,804,989
Less : Allowance for impairment losses	(307,380)	(290,805)
	6,913,868	9,514,184

The Group's normal trade credit terms range from 60 to 90 days (2009: 60 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Other receivables	9,856	7,093	-	-
Deposits	7,950	9,950	-	-
Prepayments	80,316	268,242	-	140,219
	98,122	285,285	-	140,219

14. AMOUNT OWING BY RELATED PARTIES

	THE GROUP	
	2010	2009
	RM	RM
Current:-		
Trade related balances		
Companies in which certain directors have interests	396,121	1,087,860
Associate	1,786,965	-
	2,183,086	1,087,860

The Group's normal credit terms granted to the above related parties is 90 days (2009: 90 days).

15. MARKETABLE SECURITIES

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Carrying amount/ market value	17,038	16,748	5,634	5,520

16. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits have been pledged with licensed banks as securities for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

The effective interest rate of fixed deposits at the end of the reporting period range from 1.66% to 3.00% (2009: 1.80% to 3.75%) per annum. The fixed deposits have maturity period of 365 days (2009: 31 to 365 days).

17. SHARE CAPITAL

	THE COMPANY			
	2010	2009	2010	2009
	Number of shares		RM	RM
ORDINARY SHARES OF RM0.10 EACH				
AUTHORISED	250,000,000	250,000,000	25,000,000	25,000,000
ISSUED AND FULLY PAID-UP				
At 1 January	150,150,000	150,150,000	15,015,000	15,015,000
Allotment during the financial year	250,000	-	25,000	-
At 31 December	150,400,000	150,150,000	15,040,000	15,015,000

18. RESERVES

(a) Share Premium

The movements in the share premium of the Group and the Company are as follows:-

	THE GROUP AND THE COMPANY	
	2010	2009
	RM	RM
Balance at 1 January	6,222,172	6,222,172
Share issuance expenses	(139,719)	-
Balance at 31 December	6,082,453	6,222,172

The share premium is not distributable by way of dividends and may be utilised in the manner as set out in Section 60 (3) of the Companies Act 1965.

(b) Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of foreign associate and is not distributable by way of dividends.

19. LONG-TERM BORROWINGS

	THE GROUP	
	2010	2009
	RM	RM
Hire purchase payables (Note 25)	-	206,285
Term loans (Note 26)	265,148	639,842
	265,148	846,127

20. DEFERRED TAX LIABILITY

	THE GROUP 2010 RM	2009 RM
Balance at 1 January	1,397,000	1,937,000
Recognised in profit or loss (Note 30)	(61,000)	(540,000)
Balance at 31 December	1,336,000	1,397,000

Deferred tax liability arises as a result of :

	THE GROUP 2010 RM	2009 RM
Deferred tax liability:-		
- An excess of carrying value over tax base	2,048,000	2,158,000
Gross deferred tax liability	2,048,000	2,158,000
Deferred tax asset:-		
- Unutilised capital allowances	(561,000)	(580,000)
- Unabsorbed business losses	(151,000)	(151,000)
- Others	-	(30,000)
Gross deferred tax asset	(712,000)	(761,000)
Net deferred tax liability	1,336,000	1,397,000

21. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 days (2009: 30 to 60 days). Other credit terms are granted on a case-by-case basis.

22. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Other payables	485,506	444,490	1,593	2,920
Accrued expenses	282,820	195,301	60,000	57,000
Payroll liabilities	57,438	59,347	-	-
	825,764	699,138	61,593	59,920

23. AMOUNT OWING TO A RELATED PARTY

	2010	2009
	RM	RM
Current:-		
Trade related balances		
A company in which certain directors have interests	604,121	-
	604,121	-

24. SHORT-TERM BORROWINGS

	THE GROUP	
	2010	2009
	RM	RM
Bankers' acceptances	6,841,432	18,243,748
Hire purchase payables (Note 25)	213,828	544,966
Term loans (Note 26)	378,118	922,220
Trust receipts	9,991,371	48,300
	17,424,749	19,759,234

Bankers' acceptances are drawn for a period of up to 148 days (2009: 149 days) which are renewable on maturity. Interest is charged at rates ranging from 1.15% to 4.98% (2009: 1.65% to 4.35%) per annum.

Trust receipts are drawn for a period of up to 150 days (2009: 103 days) which are renewable on maturity. Interest is charged at rates ranging from 6.80% to 7.80% (2009: 6.30%) per annum.

24. SHORT-TERM BORROWINGS (CONT'D)

Bankers' acceptances and trust receipts are secured as follows:-

(i) by legal charges over the Group's and a related party's landed properties;

(ii) by a pledge of the fixed deposits of the Group;

(iii) by joint and several guarantees of certain directors of the Group;

(iv) by guarantee from Credit Guarantee Corporation Malaysia; and

(v) by corporate guarantee from the Company.

25. HIRE PURCHASE PAYABLES

	THE GROUP 2010 RM	2009 RM
Minimum hire purchase payment:-		
- not later than one year	225,555	578,878
- later than one year but not later than five years	-	225,555
	225,555	804,433
Less: Future finance charges	(11,727)	(53,182)
Present value of hire purchase payable	213,828	751,251

The present value of hire purchase liabilities repayable as follows:-

	THE GROUP 2010 RM	2009 RM
Current:-		
- not later than one year (Note 24)	213,828	544,966
Non-current:-		
- later than one year but not later than five years (Note 19)	-	206,285
	213,828	751,251

25. HIRE PURCHASE PAYABLES (CONT'D)

The hire purchase liabilities bear interest at the end of the reporting period ranging from 4.67% to 7.60% (2009: 4.67% to 7.60%) per annum.

26. TERM LOANS

	THE GROUP	
	2010	2009
	RM	RM
Current portion:-		
- repayable within one year (Note 24)	378,118	922,220
Non-current portion:-		
- repayable between one and two years	265,148	369,934
- repayable between two and five years	-	269,908
Total non-current portion (Note 19)	265,148	639,842
	643,266	1,562,062

The term loans of the Group bear interest at rates ranging from 2.50% to 8.15% (2009: 2.50% to 8.15%) per annum.

The term loans are secured as follows:-

(i) by legal charges over the Group's landed properties;

(ii) by joint and several guarantees of certain directors of the Group;

(iii) by guarantee from Credit Guarantee Corporation Malaysia; and

(iv) by corporate guarantee from the Company.

27. BANK OVERDRAFTS

Bank overdrafts of the Group bear interest at rates ranging from 7.30% to 7.55% (2009: 6.80% to 8.40%) per annum and are secured in the same manner as the short-term borrowings as disclosed in Note 24 to the financial statements.

28. REVENUE

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Sale of goods	52,890,629	42,085,305	-	-
Management fees	-	-	120,000	120,000
	52,890,629	42,085,305	120,000	120,000

29. (LOSS)/PROFIT BEFORE TAX

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
(Loss)/Profit before tax is arrived at after charging/(crediting):-				
Audit fee	45,000	42,000	15,000	12,000
Depreciation of property, plant and equipment	2,767,053	2,809,161	-	-
Directors' fees	42,000	42,000	42,000	42,000
Directors' non-fee emoluments	460,008	440,880	12,000	10,800
Impairment loss on trade receivables	16,575	-	-	-
Interest expense:-				
- bank overdrafts	154,789	193,283	-	-
- banker acceptance	447,017	435,181	-	-
- hire purchase	41,482	61,305	-	-
- term loans	66,056	124,364	-	-
- trust receipts	253,685	12,423	-	-
Loss on foreign exchange - realised	56,305	-	-	-
Staff costs:				
- salaries, wages, bonuses and allowances	3,388,340	2,896,022	-	-
- defined contribution plan	299,855	259,738	-	-
Gain on foreign exchange - realised	(46,198)	(16,339)	-	-
Share of results in an associate	(439,757)	(1,185,964)	-	-
Interest income:-				
- loans and receivables financial assets	(58,595)	(63,838)	(125,187)	(97)

29. (LOSS)/PROFIT BEFORE TAX (CONT'D)

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Rental income	(96,000)	(96,000)	-	-
Reversal of impairment loss on trade receivables	-	(776)	-	-

30. TAX EXPENSE/(INCOME)

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Malaysian Income Tax				
- Current year	85,000	216,000	11,000	13,000
- Over provision in prior years	(33,267)	(19,731)	(510)	(741)
Foreign tax				
- Current year	130,336	149,726	-	-
	182,069	345,995	10,490	12,259
Deferred taxation (Note 20)				
- Relating to reversal of temporary differences	(114,000)	(523,000)	-	-
- Under/(Over) provision in prior years	53,000	(17,000)	-	-
	(61,000)	(540,000)	-	-
	121,069	(194,005)	10,490	12,259

30. TAX EXPENSE/(INCOME) (CONT'D)

Subject to agreement with the tax authorities, at the end of the reporting period, the unutilised capital allowances, reinvestment allowances and unabsorbed business losses of the Group are as follows:

	THE GROUP	
	2010	2009
	RM	RM
Unutilised capital allowances	2,244,000	2,320,000
Unutilised reinvestment allowances	8,500,000	8,300,000
Unabsorbed business losses	605,000	605,000
	11,349,000	11,225,000

A reconciliation of income tax expense applicable to the (loss)/profit before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and the Company is as follows:-

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
(Loss)/Profit before tax	(138,962)	(456,058)	31,599	(80,637)
Malaysian tax at statutory rate	(34,741)	(114,015)	7,900	(20,160)
Tax effects of:-				
Effect of foreign tax rate in foreign jurisdiction	17,590	(147,419)	-	-
Non-deductible expenses	118,487	104,257	34,397	33,257
Non-taxable income	-	(97)	(31,297)	(97)
Over provision of Malaysian Income Tax in prior years	(33,267)	(19,731)	(510)	(741)
Under/(Over) provision of deferred tax in prior years	53,000	(17,000)	-	-
	121,069	(194,005)	10,490	12,259

31. LOSS PER SHARE

	THE GROUP	
	2010	2009
Loss attributable to owners of the Company (RM)	(260,031)	(262,053)
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 January	150,150,000	150,150,000
Effect of new ordinary shares issued	232,877	-
Weighted average number of ordinary shares at 31 December	150,382,877	150,150,000
Basic loss per share (sen)	(0.17)	(0.17)

The diluted loss per share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

32. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Fixed deposits with licensed banks (Note 16)	2,510,192	2,452,949	-	-
Cash and bank balances	2,646,858	2,529,258	112,563	8,179
Bank overdrafts (Note 27)	(2,428,346)	(1,834,995)	-	-
	2,728,704	3,147,212	112,563	8,179

As disclosed in Note 16 to the financial statements, fixed deposits of the Group totaling RM2,510,192 (2009: RM2,452,949) that have been pledged to banks for banking facilities granted to certain subsidiaries are not available for general use of the Group other than to meet the obligations under the banking facilities.

33. DIRECTORS' REMUNERATION

(a) The aggregate amounts of emoluments received and receivable by directors of the Group and the Company during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Executive directors:				
- non-fee emoluments	448,008	430,080	-	-
- allowance	3,000	3,000	3,000	3,000
Non-executive directors:				
- fee	42,000	42,000	42,000	42,000
- allowance	9,000	7,800	9,000	7,800
	502,008	482,880	54,000	52,800

(b) Details of directors' emoluments of the Group and the Company received/receivable for the financial year in bands of RM50,000 are as follows:-

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
Executive directors:-				
RM1 – RM50,000	-	-	2	2
RM200,001 – RM250,000	2	2	-	-
Non-executive directors:-				
Below RM50,000	3	3	3	3
	5	5	5	5

34. RELATED PARTY DISCLOSURES

(a) The Group and the Company had the following transactions with related parties during the financial year:-

	THE COMPANY 2010 RM	THE COMPANY 2009 RM
Subsidiaries		
Management fee received/receivable	120,000	120,000

	THE GROUP 2010 RM	THE GROUP 2009 RM
Associate		
Sales of goods	2,505,025	-
Companies in which certain directors have interests		
Purchase of goods	4,942,126	4,227,267
Sales of goods	6,291,351	7,462,824
Rental received/receivable	96,000	96,000

(b) Key management personnel compensation

	THE GROUP 2010 RM	THE GROUP 2009 RM	THE COMPANY 2010 RM	THE COMPANY 2009 RM
Short-term employee benefits	454,000	436,800	54,000	52,800
Contribution to a defined contribution plan	48,008	46,080	-	-
	502,008	482,880	54,000	52,800

35. CONTINGENT LIABILITY

	THE COMPANY 2010 RM	THE COMPANY 2009 RM
Unsecured:		
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	45,817,150	47,348,000

36. OPERATING SEGMENTS

(a) BY BUSINESS SEGMENT:-

2010

	Resin Compound For Wires And Cables RM	Resin Compound For Other Industries RM	Others RM	Eliminations RM	Consolidated RM
SEGMENT REVENUE					
Revenue from external customers	30,881,835	22,008,794	-	-	52,890,629
Inter-segment revenue	3,423,802	2,131,091	120,000	(5,674,893)	-
Total revenue	34,305,637	24,139,885	120,000	(5,674,893)	52,890,629
SEGMENT RESULTS					
Segment results	822,201	(338,192)	31,599	-	515,608
Finance costs					(1,094,327)
Share of results in associate					439,757
Loss before tax					(138,962)
Tax expense					(121,069)
Loss after tax					(260,031)
OTHER INFORMATION					
Capital expenditure	36,880	96,555	-	-	133,435
Depreciation of property, plant and equipment	1,407,049	1,360,004	-	-	2,767,053

36. OPERATING SEGMENTS (CONT'D)

(a) BY BUSINESS SEGMENT (CONT'D):-

2010

	Resin Compound For Wires And Cables RM	Resin Compound For Other Industries RM	Others RM	Eliminations RM	Consolidated RM
CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
Segment assets	27,113,251	20,955,713	118,197	-	48,187,161
Investment in an associate					5,746,268
Tax recoverable					332,557
Consolidated total assets					54,265,986
Segment liabilities	17,848,781	7,252,469	61,593	-	25,162,843
Provision for tax					85,000
Deferred tax liability					1,336,000
Consolidated total liabilities					26,583,843

36. OPERATING SEGMENTS (CONT'D)

(a) BY BUSINESS SEGMENT (CONT'D):-

2009

	Resin Compound For Wires And Cables RM	Resin Compound For Other Industries RM	Others RM	Eliminations RM	Consolidated RM
SEGMENT REVENUE					
Revenue from external customers	29,035,123	13,050,182	-	-	42,085,305
Inter-segment revenue	3,266,194	2,348,729	120,000	(5,734,923)	-
Total revenue	32,301,317	15,398,911	120,000	(5,734,923)	42,085,305
SEGMENT RESULTS					
Segment results	1,140,113	(1,779,828)	(80,637)	-	(720,352)
Finance costs					(921,670)
Share of results in associate					1,185,964
Loss before tax					(456,058)
Tax expense					194,005
Loss after tax					(262,053)
OTHER INFORMATION					
Capital expenditure	98,339	277,058	-	-	375,397
Depreciation of property, plant and equipment	1,402,372	1,406,789	-	-	2,809,161

36. OPERATING SEGMENTS (CONT'D)

(a) BY BUSINESS SEGMENT (CONT'D):-

2009

	Resin Compound For Wires And Cables RM	Resin Compound For Other Industries RM	Others RM	Eliminations RM	Consolidated RM
CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
Segment assets	29,486,326	21,154,366	153,918	-	50,794,610
Investment in an associate					5,780,573
Tax recoverable					180,847
Consolidated total assets					56,756,030
Segment liabilities	19,219,074	7,609,959	59,920	-	26,888,953
Provision for tax					69,458
Deferred tax liability					1,397,000
Consolidated total liabilities					28,355,411

36. OPERATING SEGMENTS (CONT'D)

(b) BY GEOGRAPHICAL SEGMENT:-

	2010 RM	2009 RM
SALES REVENUE		
Malaysia	38,072,563	35,764,430
Other ASEAN countries	2,295,172	3,065,680
Other Asian countries	5,488,536	2,865,838
Others	7,034,358	389,357
	52,890,629	42,085,305

The Group's assets are located in Malaysia and the cost of acquisition of property, plant and equipment arose from Malaysia.

(c) MAJOR CUSTOMERS:-

Revenue from two (2) customers, with revenue equal to more than 10% of the Group's revenue, amounts to RM11,630,079 (2009: RM4,833,587).

37. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar and Euro Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency is as follows:-

THE GROUP	UNITED STATES DOLLAR RM	EURO DOLLAR RM	OTHERS RM	TOTAL RM
2010				
Financial assets				
Trade receivables	458,243	989,690	112,323	1,560,256
Amount owing by a related party	1,786,965	-	-	1,786,965
Cash and bank balances	217,818	270,969	14,302	503,089
	2,463,026	1,260,659	126,625	3,850,310
Financial liabilities				
Trade payables	(557,335)	(68,740)	(2,870)	(628,945)
Other payables and accruals	(5,464)	-	-	(5,464)
	(562,799)	(68,740)	(2,870)	(634,409)
Currency exposure	1,900,227	1,191,919	123,755	3,215,901

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE GROUP	UNITED STATES DOLLAR RM	EURO DOLLAR RM	OTHERS RM	TOTAL RM
2009				
Financial assets				
Trade receivables	952,990	180,600	34,838	1,168,428
Cash and bank balances	239,761	-	23,038	262,799
	1,192,751	180,600	57,876	1,431,227
Financial liabilities				
Trade payables	(343,074)	-	-	(343,074)
Other payables and accruals	(42,323)	-	-	(42,323)
	(385,397)	-	-	(385,397)
Currency exposure	807,354	180,600	57,876	1,045,830

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	THE GROUP	
	2010 Increase/ (Decrease) RM	2009 Increase/ (Decrease) RM
Effects on loss after taxation		
United States Dollar:-		
- strengthened by 2%	38,004	16,146
- weakened by 2%	(38,004)	(16,146)
Euro Dollar:-		
- strengthened by 5%	62,195	9,427
- weakened by 5%	(62,195)	(9,427)

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available.

<u>Interest rate risk sensitivity analysis</u>

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	THE GROUP	
	2010	2009
	Increase/ (Decrease)	Increase/ (Decrease)
	RM	RM
Effects on loss after taxation		
Increase of 75 basis points (bp)	(2,870)	(7,279)
Decrease of 75 bp	2,870	7,279

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group does not have significant quoted investment and hence exposure to equity price risk is minimal.

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by four (4) significant customers which constituted approximately 60% of its trade receivables as at the end of the reporting period.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Exposure to credit risk (Cont'd)

The exposure of credit risk for trade receivables by geographical region is as follows:-

	THE GROUP 2010 RM	THE GROUP 2009 RM
Malaysia	5,353,614	8,386,462
Europe	989,690	327,518
Other ASEAN countries	-	221,502
Others	570,564	578,702
	6,913,868	9,514,184

Ageing analysis

The ageing analysis of the Group's trade receivables as at 31 December 2010 is as follows:-

THE GROUP	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
2010			
Not past due	5,955,721	-	5,955,721
Past due:-			
- less than 3 months	950,172	-	950,172
- 3 to 6 months	7,975	-	7,975
- over 6 months	307,380	(307,380)	-
	7,221,248	(307,380)	6,913,868

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Ageing analysis (Cont'd)

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 60 days, which are deemed to have higher credit risk, are monitored individually.

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

THE GROUP	INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 – 5 YEARS RM
2010					
Hire purchase payables	4.67 -7.60	213,828	225,555	225,555	-
Term loans	2.50 - 8.15	643,266	717,494	451,558	265,936
Banker acceptances	1.15 - 4.98	6,841,432	6,841,432	6,841,432	-
Trust receipts	6.80 - 7.80	9,991,371	9,991,371	9,991,371	-
Trade payables	-	3,614,715	3,614,715	3,614,715	-
Other payables and accruals	-	825,764	825,764	825,764	-
Amount due to a related party	-	604,121	604,121	604,121	-
Bank overdrafts	7.55 - 7.75	2,428,346	2,428,346	2,428,346	-
		25,162,843	25,248,798	24,982,862	265,936

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

THE GROUP	INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 – 5 YEARS RM
2009					
Hire purchase payables	4.67 - 7.60	751,251	804,433	578,878	225,555
Term loans	2.50 - 8.15	1,562,062	1,734,333	1,020,787	713,546
Banker acceptances	1.65 - 4.35	18,243,748	18,243,748	18,243,748	-
Trust receipts	6.30	48,300	48,300	48,300	-
Trade payables	-	3,749,459	3,749,459	3,749,459	-
Other payables and accruals	-	699,138	699,138	699,138	-
Bank overdrafts	6.80 - 8.40	1,834,995	1,834,995	1,834,995	-
		26,888,953	27,114,406	26,175,305	939,101

THE COMPANY	INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM
2010				
Other payables and accruals	-	61,593	61,593	61,593
		61,593	61,593	61,593

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

THE COMPANY	INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM
2009				
Other payables and accruals	-	59,920	59,920	59,920
		59,920	59,920	59,920

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	THE GROUP	
	2010	2009
	RM	RM
Hire purchase payables	213,828	751,251
Term loans	643,266	1,562,062
Banker acceptances	6,841,432	18,243,748
Trust receipts	9,991,371	48,300
Trade payables	3,614,715	3,749,459
Other payables and accruals	825,764	699,138
Amount owing to a related party	604,121	-
Bank overdrafts	2,428,346	1,834,995
	25,162,843	26,888,953
Less: Fixed deposits with licensed banks	(2,510,192)	(2,452,949)
Less: Cash and bank balances	(2,646,858)	(2,529,258)
Net debt	20,005,793	21,906,746
Total equity	27,682,143	28,400,619
Debt-to-equity ratio	0.72	0.77

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital. The Company has complied with this requirement.

37. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification Of Financial Instruments

	THE GROUP 2010 RM	THE COMPANY 2010 RM
Financial assets		
Loans and receivables financial assets		
Trade receivables	6,913,868	-
Other receivables, deposits and prepayments	98,122	-
Amount owing by subsidiaries	-	5,064,117
Amount owing by related parties	2,183,086	-
Marketable securities	17,038	5,634
Fixed deposits with licensed banks	2,510,192	-
Cash and bank balances	2,646,858	112,563
	14,369,164	5,182,314
Financial liabilities		
Other financial liabilities		
Hire purchase payables	213,828	-
Term loans	643,266	-
Banker acceptances	6,841,432	-
Trust receipts	9,991,371	-
Trade payables	3,614,715	-
Other payables and accruals	825,764	61,593
Amount owing to a related party	604,121	-
Bank overdrafts	2,428,346	-
	25,162,843	61,593

37. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used to determine the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair value of marketable securities is estimated based on their quoted market prices as at the end of the reporting period.

(iii) The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

(iv) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.

38. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the adoption of the amendments to FRS 117 Leases as disclosed in Note 3(a)(iv) to the financial statements:-

Consolidated Statement of Financial Position (Extract):-	As restated RM	As previously reported RM
Property, plant and equipment	21,980,237	19,908,123
Prepaid land lease payments	-	2,072,114

39. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared 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, as follows:-

	THE GROUP 2010 RM	THE COMPANY 2010 RM
Total retained profits/(accumulated losses):		
- realised	12,538,332	(2,014,017)
- unrealised	(1,426,000)	-
	11,112,332	(2,014,017)
Total share of retained profits of associate:		
- realised	1,874,604	-
- unrealised	(343,726)	-
	12,643,210	(2,014,017)
Less: Consolidation adjustments	(5,739,794)	-
At 31 December	6,903,416	(2,014,017)