SLP RESOURCES BERHAD
[663862-H]

annual report 2009

productive
strength
innovative
strategic
reliable
efficient
resilient
diverse

| CONTENTS

HOLDING COMPANY:

SLP RESOURCES BERHAD (“SLP”)
Investment holding and provision of management services

WHOLLY-OWNED SUBSIDIARIES:

SINLIPLAS HOLDING SDN BHD (“SHSB”)
Manufacturing and exporting of plastic packaging products and plastic related goods

SINLIPLAS SDN BHD (“SSB”)
Manufacturing and distributing of plastic packaging products and plastic related goods, as well as trading of polymer products such as plastic resins

CORPORATE INFORMATION

BOARD OF DIRECTORS

Khaw Khoon Tee
Executive Chairman

Khaw Seang Chuan
Group Managing Director

Ong Peik Joo
Executive Director

Khaw Choon Hoong
Executive Director

Mary Geraldine Phipps
Independent Non-Executive Director

Leow Chan Khiang
Non-Independent Non-Executive Director

Chan Wah Chong
Independent Non-Executive Director

AUDIT COMMITTEE

Mary Geraldine Phipps
Chairman

Chan Wah Chong
Member

Leow Chan Khiang
Member

NOMINATION COMMITTEE

Leow Chan Khiang
Chairman

Mary Geraldine Phipps
Member

Chan Wah Chong
Member

REMUNERATION COMMITTEE

Chan Wah Chong
Chairman

Mary Geraldine Phipps
Member

Khaw Khoon Tee
Member

COMPANY SECRETARY

Ch'ng Lay Hoon (MAICSA 0818580)

AUDITORS

KPMG (Firm No. AF 0758)
Chartered Accountants
1st Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

SOLICITORS

Ong & Manecksha
Advocates & Solicitors
Suite 503, 5th Floor, Penang Plaza
Jalan Burma
10050 Penang, Malaysia

PRINCIPAL BANKERS

Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

REGISTRAR

Agriteum Share Registration Services Sdn Bhd
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
Telephone No. : 04-2282321
Facsimile No. : 04-2272391

REGISTERED OFFICE

Suite 12-A, Level 12, Menara Northam
No. 55, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
Telephone No. : 04-2280511
Facsimile No. : 04-2280518

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : SLP
Stock Code : 7248

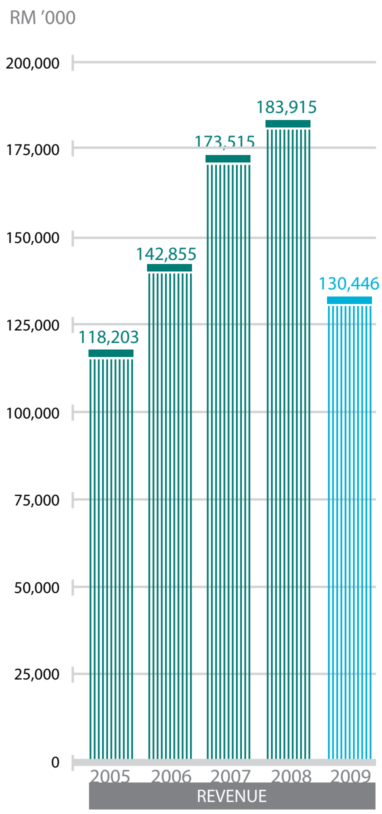
31 December	2003 RM'000	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Revenue	59,870	94,767	118,203	142,855	173,515	183,915	**130,446**
Profit Before Tax	4,233	6,598	7,830	9,764	11,488	6,398	**7,823**
Profit After Tax	3,534	5,230	6,405	8,596	10,618	5,240	**6,604**
Share Capital ('000)	106,000	106,000	106,000	106,000	106,000	106,000	**106,000**
Shareholders' Equity	20,328	24,056	28,527	39,985	46,618	70,221	**72,585**
Total Assets	64,380	69,628	86,308	108,521	131,723	123,655	**107,167**
Total Borrowings	35,920	31,096	43,005	46,987	62,305	39,568	**15,900**
Net Earnings Per Share (sen)	3.33	4.93	6.04	8.11	10.02	4.94	**6.23**
Net Assets Per Share (sen)	NA	NA	NA	NA	NA	66.2	**68.5**
Total Dividend Paid	NA	NA	NA	NA	NA	4,240	**4,593**
Dividend Payout Ratio	NA	NA	NA	NA	NA	80.9%	**69.5%**
Gearing Ratio (times)	1.77	1.29	1.51	1.18	1.34	0.56	**0.22**

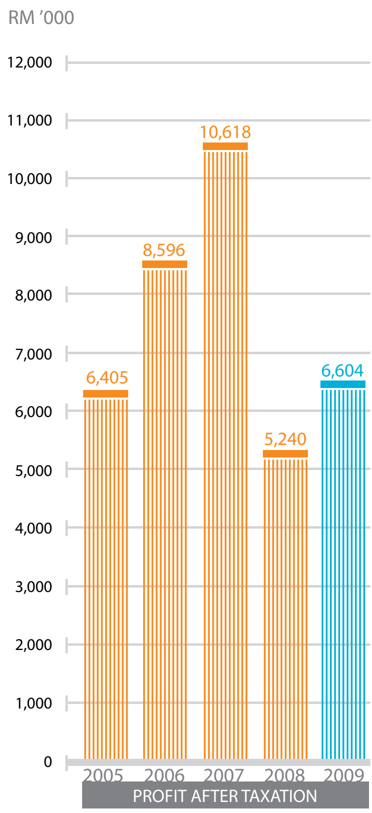
Notes:

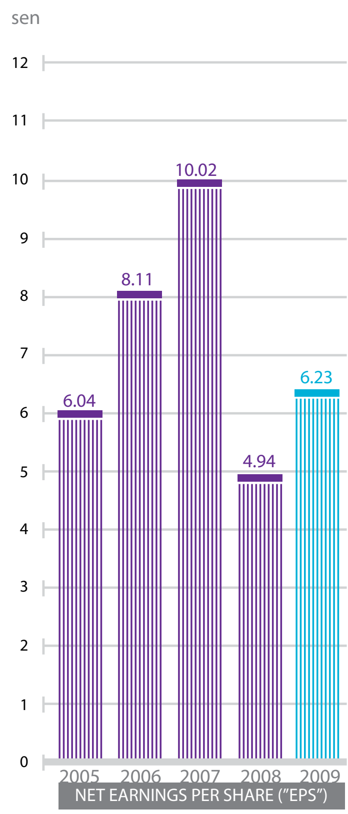
(i) The financial figures for the financial years ended 2003 to 2007 were prepared based on proforma consolidated basis on the assumption that the current structure of the Group has been in existence since the financial year ended 31 December 2003.

(ii) On 8 October 2009, the Company paid a single tier interim dividend of 2.0 sen per ordinary share on 106,000,000 ordinary shares of RM0.50 each amounted to RM2,120,000 for the financial year ended 31 December 2009. The Board proposes a single tier final dividend of 1.0 sen per ordinary share on 247,333,333 ordinary shares of RM 0.25 each amounting to RM2,473,333 which is subject to the shareholders' approval at the forthcoming Annual General Meeting ("AGM").

(iii) The calculation of Net Earnings Per Share and Net Assets Per Share was based on the profit attributable to the shareholders of the Company and on the number of ordinary shares outstanding during the financial year before adjustments for Share Split and Bonus Issue which were effected after the balance sheet date on 26 April 2010.







I **KHAW KHOON TEE**, a Malaysian, aged 60, was appointed to the Board as Managing Director on 26 October 2007 and redesignated as Executive Chairman on 26 August 2009. He is also a member of the Remuneration Committee of the Company. He was appointed as Treasurer of Malaysian Plastics Manufacturers of Association ("MPMA") in 1994 and as the Chairman of MPMA for northern region of Malaysia in May 2000. Upon his retirement as the chairman of MPMA in May 2004, he was then appointed as the Adviser to MPMA. During his involvement in MPMA, he had attended annual conferences at the Asia Plastics Forum and the ASEAN Federation of Plastic Industries in relation to the growth of plastic industry in ASEAN. He had also represented MPMA in various discussions and meetings with the Malaysian government authorities in respect of policies such as import duties, legislation framework and new developments within the Plastics Industry.

He is the founder of the Group and has over 40 years of experience in the polymer industry, gaining his experience through a hands-on management style ever since he assisted his late father in their family business involved in the manufacture of plastic packaging products in 1965. He is instrumental in transforming the Group from a small outfit involved in the manufacturing of plastics packaging products to its current size of operations, in particular, the development of the Group's export markets. He also pioneered the development of new products through technology transfer and innovations especially through his close business relationships and rapport with the Group's Japanese customers and associates.

I **KHAW SEANG CHUAN (KELVIN),** a Malaysian, aged 40, was appointed to the Board as Executive Director on 26 October 2007 and redesignated as Group Managing Director on 26 August 2009. He completed his lower secondary education in Singapore in 1987.

He has over 20 years of experience in the polymer industry, gaining his experience when he first joined his father in their family business involved in the manufacture of plastic packaging products way back in 1987. He has contributed significantly to the growth of the Group particularly for the joint-cooperation projects for new product lines, such as the production line for "Baran" or "artificial" leaves in 1998, grocery bag line in 2001, VFFS packaging films in 2005 and the recent "antibacterial sleeve" for an American-based company.

I **ONG PEIK JOO**, a Malaysian, aged 58, was appointed to the Board as Executive Director on 26 October 2007. She is the co-founder of the Group and has over 30 years of experience in the polymer industry. She has contributed significantly to the growth of the Group particularly for the implementation of various expansion projects of the Group over the past 20 years.

| **KHAW CHOON HOONG (JASMINE)**, a Malaysian, aged 39, was appointed to the Board as an Executive Director on 26 October 2007. She graduated with a Bachelor Degree in Management from the University of Lethbridge, Canada in 1997.

Upon her graduation in 1997, she joined the Group as Marketing Director and has since participated in various trade exhibitions and promotions locally and internationally. She is also the management representative for the Group's QMS which led to the successful achievement of ISO 9002 quality system certification awarded by Lloyd's Register Quality Assurance to the Group in 1998. She has contributed significantly to the Group particularly for market penetration and business expansion of the Group in overseas.

| **MARY GERALDINE PHIPPS**, a Malaysian, aged 61, was appointed to the Board as Independent Non-Executive Director on 26 October 2007. She is the Chairman of the Audit Committee and a member of Remuneration Committee and Nomination Committee of the Company. In 1976, she became a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants in 1982. In 1992, she became a member of the Malaysian Institute of Taxation and is currently a Fellow of the Malaysian Institute of Taxation.

She joined KPMG, Penang as an articled student in 1969 and remained in public practice until her retirement in December 2004. In 1982, she was made a partner of KPMG and in 1990 she was appointed Managing Partner of KPMG Penang practice. During this time, she was also a Director of KPMG Tax Services Sdn Bhd. Her expertise is in taxation and her experience in tax advisory and consultancy services covered a diversified range of industries. She was the Tax/ Client Partner for multinational clients of KPMG's overseas offices which have manufacturing facilities in Penang. She is also an Independent Non-Executive Director of Oriental Holdings Berhad, a company listed on Main Market of Bursa Securities.

I **LEOW CHAN KHIANG**, a Malaysian, aged 44, was appointed to the Board as Non-Independent Non-Executive Director on 26 October 2007. He is the Chairman of the Nomination Committee and a member of the Audit Committee of the Company. He is a Chartered Accountant and a member of the Malaysian Institute of Accountants and a Fellow of the Association of Chartered Certified Accountants, United Kingdom. He holds a Master Degree in Business Administration from Northern University of Malaysia, a Bachelor Degree in Economics from University of Malaya and a professional accounting qualification from the Association of Chartered Certified Accountants, United Kingdom.

He started his career in 1991 at Hong Leong Finance Berhad (now known as Hong Leong Bank Berhad) where he served for approximately five (5) years in the corporate banking department. In 1996, he joined Malaysian International Merchant Bankers Berhad ("MIMB"), an investment bank, where he served for approximately five (5) years until 2000. In 2001, he joined a local logistic company as its Senior Corporate Finance Manager for a short stint of one (1) year. In 2002, he joined CAB Cakaran Corporation Bhd which was listed on Bursa Securities in 2003 as its Executive Director for approximately five (5) years until 2007 when he started his private business in corporate and financial consultancy services.

I **CHAN WAH CHONG**, a Malaysian, aged 46, was appointed to the Board as Independent Non-Executive Director on 1 July 2009. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company. He has been a qualified member of Malaysia Association of Certified Public Accountants since 1994.

He started his career in accountancy with Ernst & Young, an international accounting firm for 6 years before joining a local medium size audit firm as a senior staff for a year. He then joined a local pharmaceutical manufacturing concern as Corporate Finance Manager which he left after one and a half years to join a start-up medical trading Company as its Finance Director. He is presently running his own corporate advisory company. He is also an Independent Non-Executive Director and Chairman of the Audit Committee of Teo Guan Lee Corporation Berhad, a company listed on Main Market of Bursa Securities.

Notes:-

(i) Family Relationships and Substantial Shareholders

Directors	Family Relationship	Substantial Shareholder
Khaw Khoon Tee	Husband of Ong Peik Joo and father of Khaw Seang Chuan and Khaw Choon Hoong	Yes
Khaw Seang Chuan	Son of Khaw Khoon Tee and Ong Peik Joo	Yes
Ong Peik Joo	Wife of Khaw Khoon Tee and mother of Khaw Seang Chuan and Khaw Choon Hoong	Yes
Khaw Choon Hoong	Daugther of Khaw Khoon Tee and Ong Peik Joo	No

Save as the above disclosed, none of the Directors has family relationship with any other Directors or substantial shareholders of the Company.

(ii) Directors' Shareholdings

Details of the Directors' shareholdings in the Company are provided in the Analysis of Shareholdings Section in this Annual Report.

(iii) No Conflict of Interest

All Directors of the Company do not have any conflict of interest with the Company.

(iv) Non-Conviction of Offences

All the Directors have not been convicted with any offences other than traffic offences in the past 10 years.

(v) Attendance at Board Meetings

Please refer to Statement Accompanying Notice of AGM.

DEAR SHAREHOLDERS,

I The late Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohammad Jewa

FIRST AND FOREMOST, PLEASE ALLOW ME ON BEHALF OF THE BOARD OF DIRECTORS OF SLP RESOURCES BERHAD ("SLP" OR "THE COMPANY") TO RECORD OUR UTMOST RESPECT AND SINCERE TRIBUTE TO OUR CHAIRMAN, THE LATE Y.T.M. TUNKU DATO' DR. ISMAIL IBNI ALMARHUM TUNKU MOHAMMAD JEWA, WHO PASSED AWAY ON 19 AUGUST 2009. HE IS SADLY MISSED BY ALL WHO HAVE KNOWN HIM ESPECIALLY THOSE WHO HAD THE PRIVILEGE AND OPPORTUNITY TO WORK WITH HIM IN THE GROUP.

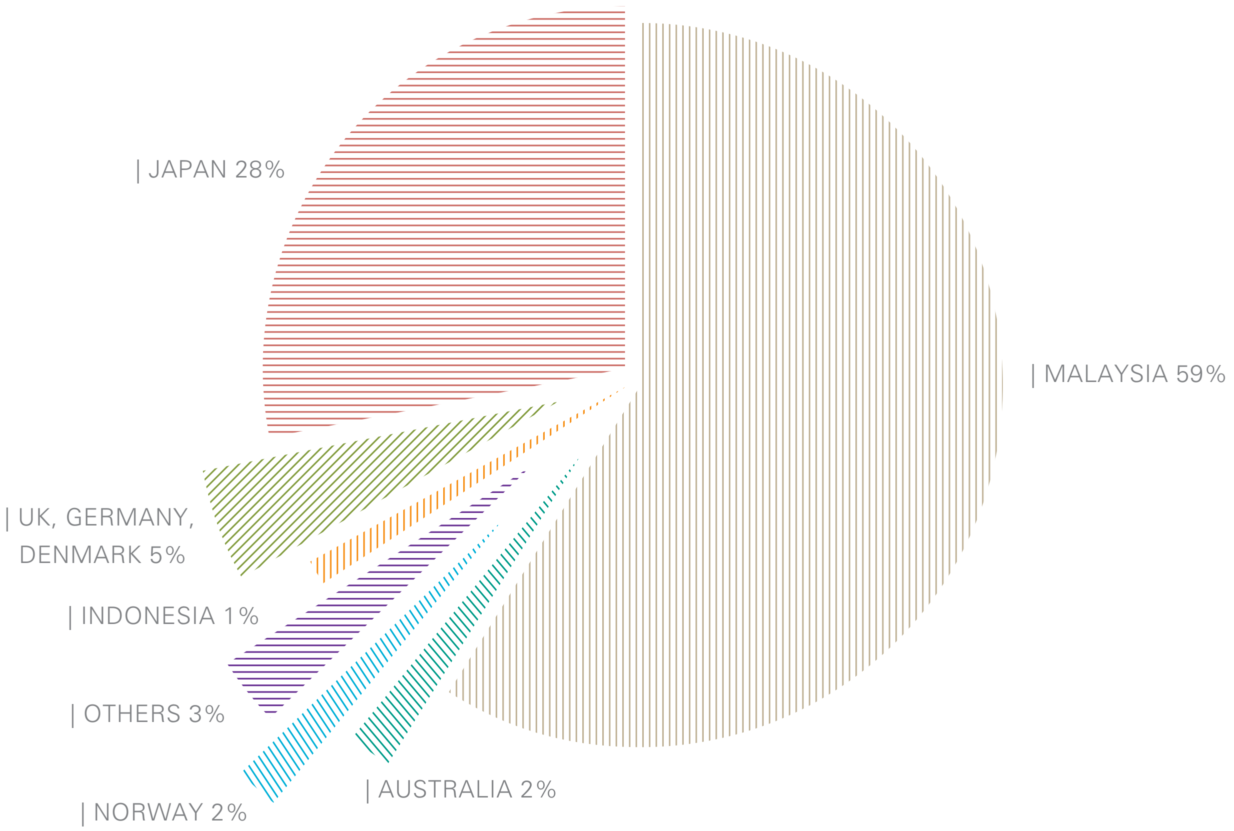
ON BEHALF OF THE BOARD OF DIRECTORS OF SLP AND IN MY CAPACITY AS A NEW CHAIRMAN, I AM PLEASED TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009.

I FINANCIAL PERFORMANCE

For the financial year 2009, the Group recorded revenue of RM130.4 million, representing a decrease of 29.1% from RM183.9 million recorded in the preceding year. This was due to lower average selling prices of the Group's trading product namely plastic resins for the domestic markets. Albeit at lower revenue, the Group managed to register higher profit before taxation of RM7.8 million for the financial year 2009 as compared to the profit before taxation of RM6.4 million recorded in the preceding year. This was attributed to better profit margin contributed by the Group's manufactured products namely flexible plastic packaging products for the export markets in line with the lower and stable average prices of raw materials. The lower finance costs and lower foreign exchange losses on foreign currency term loans had also contributed to the higher profit before taxation for the financial year 2009.

In term of segment revenue, the Group's export sales for the financial year 2009 contributed approximately 41.0% (2008: 37.7%) to the Group's revenue. Japan continued to be the Group's major export destination with its contribution of approximately 28.1% (2008: 20.0%) to the Group's revenue and approximately 68.4% (2008: 53.1%) to the Group's total export revenue.

The chart below illustrates the Group's revenue by destinations for the financial year 2009.



I DIVIDEND

In appreciation of our shareholders' support during the challenging year, the Board is pleased to recommend a single tier final dividend of 1.0 sen per ordinary share on 247,333,333 ordinary shares of RM0.25 each (after the Share Split of one (1) to two (2) and Bonus Issue of one (1) for six (6)), amounting to a dividend payable of approximately RM2,473,333 in respect of the financial year 2009 for shareholders' approval at the forthcoming Annual General Meeting. The proposed single tier final dividend, if approved, together with the interim single tier dividend of 2.0 sen per ordinary share on 106,000,000 ordinary shares of RM 0.50 each paid on 8 October 2009 would amount to a total dividend of RM4,593,333 which represents a dividend payout ratio of 69.5% of the net profit for the financial year 2009. In the preceding financial year, a total dividend paid was RM4,240,000 which represents a dividend payout ratio of 80.9%.

The Company currently does not have a fixed dividend policy but will continue to maintain an appropriate balance in allowing our shareholders to participate in the profits of the Group whilst ensuring that the Group has adequate reserves to cater for future expansion plans for future growth.

I CORPORATE DEVELOPMENT

Corporate Proposals

On 11 February 2010, OSK Investment Bank Berhad ("OSK"), on behalf of the Board of the Company announced that the Company proposed to undertake the following proposals:-

(i) Proposed Share Split involving the subdivision of every existing one (1) ordinary share of RM0.50 each in SLP into two (2) ordinary shares of RM0.25 each in SLP ("Proposed Share Split");

(ii) Proposed Bonus Issue involving the issuance of 35,333,333 new ordinary shares ("Bonus Shares"), to be credited as fully paid-up of the Company, on the basis of one (1) Bonus Share for every six (6) SLP Shares after the Proposed Share Split ("Proposed Bonus Issue"); and

(iii) Proposed Amendment to the Company's Memorandum and Articles of Association ("M&A") pursuant to the Proposed Share Split ("Proposed Amendment of M&A").

Approval for the Proposed Share Split and Proposed Bonus Issue from Bursa Securities was obtained on 11 March 2010. Shareholders' approval for the Proposed Share Split, Proposed Bonus Issue and Proposed Amendment of M&A was obtained through an Extraordinary General Meeting ("EGM") held on 8 April 2010. The Proposals were completed on 26 April 2010.

Investment in Unquoted Shares

On 30 November 2009, the Company through its wholly-owned subsidiary, SHSB entered into a Subscription Agreement for the subscription of 5% equity interest for RM1,352,480 (USD400,000) in Xela Innovations, LLC ("Xela"), a Wisconsin limited liability company. A spin-off from Milwaukee, Wisconsin - based Muderlak Design, Inc; a firm with over 70 patents that innovated the auto flush, auto soap, and numerous fragrance machines, Xela has started with a slew of next generation of hygienic innovation for the global washroom and kitchen. Xela's first product, which was launched in July 2009, is a line of Hygienic Door Handles branded under the Purleve trademark. Xela's Hygienic Door Handles leverage a proprietary automatic sleeve dispensing technology that advances a self contained sleeve of antimicrobial treated material after each use. The investment in Xela is in line with the Group's continued strive for innovations in its production processes and new product development. The Group has invested approximately RM1.0 million in a major R&D project for the development of a self contained sleeve of antimicrobial treated plastic material for Xela's Hygienic Door Handles.

CORPORATE GOVERNANCE

The Board is unwavering in the compliance of the corporate governance best practices within the Group as a crucial step towards achieving continuous growth. Bearing this in mind, the Board is committed to implementing business strategies that are in line with the Group's vision and deemed to be value-accretive in nature in order to protect and maximize shareholders' value. The measures undertaken by the Board to maintain and improve on the Corporate Governance on a Group-wide basis are highlighted in the Corporate Governance Statement in this Annual Report.

PROSPECTS

The plastic packaging industry is projected to grow at a decent rate going forward, driven by the strong demand for convenience food and retail plastic packaging, which acts as the marketing vehicle, and the steady demand for the packaging needs of the healthcare cum medical segment. Given the versatility of flexible packaging, the industry has seen the migration from rigid packaging to flexible packaging. The global plastic packaging industry is expected to grow at an annual rate of approximately 4.6% to some US$56 billion by 2010 from US$45 billion in 2005. Buoyed by strong international demand, the Malaysian Plastic Manufacturing Association (MPMA) expects local exports to increase given Malaysia's ability to produce quality products at competitive prices.

The Group has developed various new products via technological innovation targeted at the niche overseas and local markets. The constant introduction of new products, automation in production processes and the uniqueness of the Group's flexible plastics packaging products for many types of applications in the various sectors in particular the growing industries such as food and beverages and healthcare should underpin the Group's earnings growth going forward.

I CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Continuing the Group's practice in the past, we have upheld CSR as an integral part of carrying out our business. To this end, the Group has undertaken considerable effort in enhancing the wellbeing of the Group's employees as well as that of the larger society and general environment.

Among the most significant ongoing initiatives is our sustainable practice in developing plastic packaging solutions that are environmentally friendly. Raw materials used are mostly recyclable and clear scraps from production are reused in the production of plastic packaging products. Recycling further creates an environmentally friendly corporate image which benefits us as a whole in portraying our green corporate image to existing and potential global customers,

many of which uphold the importance of selecting vendors with environmental management systems of international standards. The trend towards down-gauging of plastic packaging products is also increasingly evident in advanced economies such as Japan and Europe. Improvements in resin design and polymer processing have allowed down-gauging of our plastic packaging materials. In addressing recent global warming concerns, the Group is also moving towards using recycleable materials to reduce the impact on global warming. The Group aims to produce plastic bags that serve multi-uses and support the environment friendly initiatives to reduce, reuse and recycle.

The Group believes that employees' involvement is vital to the success of the Group. The Group strives to motivate and retain the best employees by providing continuous training by sending them to attend relevant courses to upgrade their knowledge and skills within their job scope. The Group also organises annual get-togethers for its employees through annual dinners where they get to know each other better outside the workplace which can greatly enhance their workplace relationship. As an employer, the Group recognises and accepts its responsibilities for providing and maintaining a safe and healthy workplace for all its employees, contractors and visitors. Information on safety matters is communicated through Health & Safety Committee, Notice Board and regular management briefings.

ACKNOWLEDGEMENT

The success of the Group would not have been achievable without the tremendous efforts, commitments and contributions at all times throughout the year from the management and staffs of the Group. My heartfelt gratitude and appreciation must also be extended to my esteemed Board members for their generous counsel, guidance and support throughout the year.

On behalf of the Board, I would like to express my utmost gratitude and appreciation to all our valued customers, shareholders, business partners and associates, bankers, government and other relevant authorities for their invaluable cooperation and unwavering support of the Group's undertakings. I also wish to take this opportunity to extend a warm welcome to Mr Chan Wah Chong who joined as Independent Non-Executive Director to strengthen the effectiveness of the Board.

SLP Resources Berhad
On Behalf of the Board

KHAW KHOON TEE
EXECUTIVE CHAIRMAN

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of the Company will be held at Kulim Golf and Country Resort (Jasmine Room), Persiaran Kulim Golf, Kulim Hi-Tech Park, 09000 Kulim, Kedah on Friday, 18 June 2010 at 10.30 a.m. for the following purposes: -

ORDINARY BUSINESSES: -

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

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2009. (Resolution 1)

2. To approve the payment of a single tier Final Dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2009. (Resolution 2)

3. To re-elect Chan Wah Chong who retire pursuant to Article 102 of the Company's Articles of Association. (Resolution 3)

4. To re-elect the following Directors who retire pursuant to Article 95(1) of the Company's Articles of Association:
   (a) Khaw Khoon Tee (Resolution 4)
   (b) Mary Geraldine Phipps (Resolution 5)

5. To approve the Directors' fees of RM110,000 for the financial year ending 31 December 2010. (Resolution 6)

6. To re-appoint Messrs KPMG as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors of the Company. (Resolution 7)

SPECIAL BUSINESS: -

To consider and if thought fit, to pass the following resolution, with or without any modification, as Ordinary Resolution of the Company: -

7. AUTHORITY TO ISSUE SHARES

   "THAT, subject always to the Act, the provisions of the Memorandum and Articles of Association of the Company and approval of any relevant governmental and/or regulatory authorities, where such approval is required, the Directors be and are hereby empowered pursuant to Section 132D of the Act, to issue and allot shares in the capital of the Company, at any time upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of the shares issued pursuant to this resolution does not exceed ten (10) per centum of the issued share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ("Bursa Securities") and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." (Resolution 8)

8. To transact any other ordinary business for which due notice has been given in accordance with the Articles of Association of the Company and the Act.

By Order of the Board

CH'NG LAY HOON (MAICSA 0818580)
Company Secretary

Penang
26 May 2010

NOTES:

1. **Appointment of Proxy**

A member entitled to attend and vote at this Meeting may appoint more than one (1) Proxy, who need not be a member, to attend and vote in his stead. Where a member appoints more than one (1) Proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

If the appointer is a corporation, the Proxy Form must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.

To be valid, the duly completed Proxy Form must be deposited at the Company's registered office at Suite 12A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjournment thereof.

Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.

2. **Explanatory Notes on Special Business - Resolution 8**

The proposed resolution is in relation to authority to allot shares pursuant to Section 132D of the Act, and if passed, will give a renewed mandate to the Directors of the Company, from the date of above AGM, authority to issue and allot shares in the Company up to and not exceeding in total ten percentum (10%) of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company ("General Mandate"). This General Mandate, unless revoked or varied at a general meeting of the Company, will expire at the conclusion of the next AGM of the Company or the period within which the next AGM of the Company is required by law to be held whichever is the earlier.

At this juncture, there is no decision to issue new shares. However, should the need arise to issue new shares, the General Mandate would avoid any delay and costs in conveying a general meeting of the Company to specifically approve such issue of share. If there should be a decision to issue new shares after the General Mandate is obtained, the Company would make an annoucement in respect of the purpose and utilisation of the proceeds arising from such issue.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors of the Company at the Fourth AGM held on 23 June 2009 and which will lapse at the conclusion of the Fifth AGM.

I STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

The Directors' Profiles and their interests in the securities of the Company for those who are standing for re-election are set out in this Annual Report on pages as follows:-

Directors standing for re-election	Director's Profile	Details of their securities in the Company
Khaw Khoon Tee	Page 5	Page 84
Mary Geraldine Phipps	Page 7	Page 84
Chan Wah Chong	Page 8	Page 84

I NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATE

NOTICE IS ALSO HEREBY GIVEN that a single tier Final Dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2009, if approved by the shareholders at the Company's Fifth Annual General Meeting, will be paid on 28 July 2010 to shareholders whose names appear in the Record of Depositors at the close of business on 8 July 2010.

A depositor shall qualify for entitlement in dividend only in respect of: -

a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 8 July 2010 in respect of transfers; and

b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

The Board of Directors of the Company ("the Board") is committed to the practice of highest standards of corporate governance throughout the Group and is accountable to the Company's shareholders and all its stakeholders for good governance.

The Board is pleased to report the extent in which the Board has embodied the spirit and principles set out in part 1 of the Malaysian Code of Corporate Governance ("the Code") and the extent of the Group's compliance with the Best Practices in Corporate Governance set out in part 2 of the Code throughout the financial year ended 31 December 2009.

1. THE BOARD OF DIRECTORS

1.1 Composition and Attendance

The Board currently comprises seven (7) members, of which, four (4) are Executive Directors including the Chairman and the Managing Director, two (2) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director. A brief profile of each Director is presented in the Profile of Directors section of this Annual Report.

The Board met six (6) times in the financial year ended 31 December 2009. The composition of the Board and the individual Director's attendance of meetings during the financial year ended 31 December 2009 are as follows:-

Name	Attendance
Executive Directors	
Khaw Khoon Tee	6/6
Khaw Seang Chuan	6/6
Ong Peik Joo	6/6
Khaw Choon Hoong	6/6
Non-Executive Directors	
Mary Geraldine Phipps	6/6
Leow Chan Khiang	6/6
Chan Wah Chong *(Appointed on 1 July 2009)*	2/2
Y.T.M. Tunku Dato' Dr Ismail Ibni Almarhum Tunku Mohammad Jewa *(Demised on 19 August 2009)*	4/5

1.2 Duties and Responsibilities

The Group is headed by an effective Board which assumes responsibility for effective stewardship and control of the Group and the Board has established terms of reference to assist them in the discharge of their responsibilities.

The role and responsibilities of the Board broadly cover the reviewing and adopting of strategic plans for the Group; overseeing the conduct of the Group's businesses; identifying principal risks and ensuring that appropriate systems to manage these risks are implemented; reviewing the adequacy and integrity of the Group's internal control systems; and reviewing and approving key matters such as financial results, acquisitions and disposals, investments and divestments and major capital expenditure.

Although all the Directors have equal responsibility for the Group's operations, the role of the Independent Directors are crucial in providing the necessary checks and balances to ensure that the interests of minority shareholders and the general public are given due consideration in the decision-making process.

The Chairman provides a clear division of responsibility between himself and the Group Managing Director to ensure a balance of power and authority.

The Board is alert to the possibility of potential conflicts of interest involving the Directors and the Company and affirms its commitments to ensuring that such situations of conflicts are avoided.

1. THE BOARD OF DIRECTORS (CONT'D)

1.3 Supply of Information

The Board meeting is held at least quarterly and more frequently as and when business or operational needs arise. All Board members are supplied with information on a timely manner. Board papers are circulated prior to Board meetings and the reports provide, amongst others, financial and corporate information, significant financial and corporate issues, the Group's and the Company's performance and any management proposals which require the approval of the Board.

All Directors have access to the advice and services of the Company Secretary in furtherance of their duties. Where appropriate, the Directors may obtain independent professional advice at the Company's expense on specific issues to enable the Board to make well-informed decisions in discharging their duties on matters being deliberated.

2. RE-ELECTION OF DIRECTORS

In accordance with the Articles of Association of the Company, all Directors who are appointed by the Board are subject to election by the shareholders at the first opportunity after their appointment. Article 95(1) of the Articles of Association of the Company also provides that at least one-third (1/3) of the remaining Directors be subject to re-election by rotation at each Annual General Meeting ("AGM").

Pursuant to Article 102 of the Articles of Association of the Company, any Directors who are appointed either to fill in a casual vacancy or as an addition to the existing Directors of the Board, shall hold office until the next AGM and being eligible for re-election shall not be taken into account in determining the Directors who are to retire by rotations at that meeting. Any Director of the Company over seventy (70) years of age is required to submit himself/ herself for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965. The details of the Directors seeking re-election at the forthcoming fifth AGM are disclosed in the Statements Accompanying the Notice of AGM in this Annual Report.

3. BOARD COMMITTEES

Formal board committees established by the Board to assist the Board in the discharge of its duties effectively include the Nomination Committee, Remuneration Committee and Audit Committee. Each committee operates within its clearly defined terms of reference. The Chairman of each committee reports to the Board on the outcome of the committee meetings and such reports are incorporated in the Board papers for the Board's noting and if required, for the Board's approvals.

3.1 Nomination Committee

The Nomination Committee which was formed in October 2007 currently comprises entirely non-executive Directors with majority of the members being independent as follows:

Name	Position
Leow Chan Khiang	Chairman, Non-Independent Non-Executive Director
Mary Geraldine Phipps	Member, Independent Non-Executive Director
Chan Wah Chong	Member, Independent Non-Executive Director

3. BOARD COMMITTEES (CONT'D)

3.1 Nomination Committee (cont'd)

The primary function of the Nomination Committee is to identify and recommend to the Board, persons who are technically competent, of integrity and with strong sense of professionalism to be appointed as Directors of the Company. The Committee will also assess the suitability of an individual to be appointed to the Board by taking into consideration the individual's other commitments and time available in determining his/ her ability to contribute inputs to the Board before recommendation is made for the Board's approval.

The Committee is also tasked with reviewing annually, if necessary, the required mix skill and experience and other qualities and competencies and the contribution of each individual Director and shall also review the composition, structure and size of the Board.

3.2 Remuneration Committee

The Remuneration Committee which was formed in October 2007 currently comprises two (2) non-executive Directors and one (1) executive Director with majority of the members being independent as follows:

Name	Position
Chan Wah Chong	Chairman, Independent Non-Executive Director
Mary Geraldine Phipps	Member, Independent Non-Executive Director
Khaw Khoon Tee	Member, Executive Chairman

The primary function of the Remuneration Committee is to recommend to the Board, from time to time, the remuneration package and terms of employment of each executive Director who is to abstain from deliberating and voting on the decision in respect of his/ her own remuneration package. The Board as a whole decides on the remuneration of the non-executive Directors, including the non-executive Chairman. The individual concerned is to abstain from deliberating his/ her own remuneration package. All Directors' fees must be approved by the shareholders at the Annual General Meeting of the Company.

4. DIRECTORS' REMUNERATION

The objectives of the Group's policy on Directors' remuneration are to attract and retain Directors of the caliber needed to manage the Group successfully. In the case of executive Directors, the component parts of their remuneration are structured to link rewards to corporate and individual performances. For non-executive Directors, their level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular non-executive Director concerned.

The details of the nature and amount of each major element of the remuneration of each Director of the Company for the financial year ended 31 December 2009 are as follows:-

	Salaries & Bonuses RM	Fees RM	Benefits-in-kind and other emoluments RM	Total RM
Executive Directors	972,000	–	111,565	1,083,565
Non-Executive Directors	–	88,000	–	88,000

4. DIRECTORS' REMUNERATION (CONT'D)

The number of Directors whose total remunerations derived from the Group during the financial year ended 31 December 2009 that fall within the following bands are as follows:

Range of remuneration	Number of Directors	
RM	Executive	Non-Executive
50,000 and below	–	4
50,001 to 100,000	–	–
100,001 to 150,000	–	–
150,001 to 200,000	–	–
200,001 to 250,000	1	–
250,001 to 300,000	2	–
300,001 to 350,000	–	–
350,001 to 400,000	1	–

5. DIRECTORS' TRAINING

Upon joining the Company, all new Directors are given background information describing the Group and its activities. Site visits are arranged whenever necessary. All the Directors holding office for the financial period ended 31 December 2009 have completed the Mandatory Accreditation Programme as specified by Bursa Securities. The Directors are also encouraged to attend various external professional training programmes and/ or seminars on a continuous basis to enable them to effectively discharge their duties and to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates.

The Directors have during the financial year ended 31 December 2009, evaluated their own training needs on a continuous basis and attended the following programmes/ seminars:

Directors	Training Programmes/ Seminars	Organisers	Date/ Duration
Khaw Khoon Tee	Quality Policy & Objective 2009	In-house	14.05.2009
Khaw Seang Chuan	Quality Policy & Objective 2009	In-house	14.05.2009
	Building Resilience, Revitalising Growth	Malaysian Institute of Accountants	28.10.2009
Ong Peik Joo	Quality Policy & Objective 2009	In-house	14.05.2009
	Building Resilience, Revitalising Growth	Malaysian Institute of Accountants	28.10.2009
Khaw Choon Hoong	Quality Policy & Objective 2009	In-house	14.05.2009
	Raw Materials Market Trend	Malaysian Petrochemicals Association-Plastics Resins Producers	18.06.2009
	Facing global economic downturn and industry challenges	Malaysian Plastics Manufacturers of Association	24.07.2009
	A Brief Introduction to TOYOTA Production System (TPC)	Japan Graduates' Association of Malaysia	18.08.2009

Directors	Training Programmes/ Seminars	Organisers	Date/ Duration
Leow Chan Khiang	Financial Instruments: Recognition, Measurement, Disclosure & Presentation – (FRS 132, FRS 139 & IFRS 7)	Malaysian Institute of Accountants	02.07. 2009 & 03.07. 2009
	Building Resilience, Revitalising Growth	Malaysian Institute of Accountants	28.10.2009
Mary Geraldine Phipps	Tax Seminar	KPMG Tax Services Sdn Bhd	04.11.2009
Chan Wah Chong	Seminar on effective financial management and access to financing for SME	SMIDEC	03.03.2009
	National Tax Seminar 2009	INROU	05.11.2009
	New 2010 Quarterly Interim Financial Reporting	Bursatra Sdn Bhd	02.12.2009
	Institute of Internal Auditors Malaysia, Penang branch's members networking session and dialog on Implementing the New International Professional Practices Framework		10.12.2009

6. SHAREHOLDERS

The Board recognises the importance of transparent and effective communications with shareholders and investors. As such, all material information relevant to the Group is reported on timely basis. The Company communicates with shareholders, investors and the general public through annual reports, quarterly announcements and other corporate announcements to Bursa Securities.

The AGM provides an opportunity for the shareholders to seek and clarify any issues pertaining to and to have a better understanding of the Group's activities and performance. All shareholders are encouraged to meet and communicate with the Board at the AGM and to vote for all resolutions. The Board is always available to meet members of the press after the AGM.

The Notice of AGM together with the Annual Report is dispatched to shareholders at least twenty-one (21) days prior to the meeting date.

Shareholders and investors can obtain the Company's latest announcements such as quarterly financial results at Bursa Malaysia website (www.bursamalaysia.com) and the Company's website (www.sinliplas.com.my).

7. ACCOUNTABILITY AND AUDIT

7.1 Financial Reporting

In presenting the annual audited financial statements and quarterly announcement of results to shareholders, the Board aims to present a balance and fair assessment of the Group's financial position and prospects. The Audit Committee reviews the Group's quarterly financial results and annual audited financial statements to ensure accuracy, adequacy and completeness prior to presentation to the Board for its approval.

The Directors are required to ensure that the financial statements prepared are drawn up in accordance with the applicable Financial Reporting Standards and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and the Company. The Statement of Directors' Responsibility in relation to the Financial Statements is presented in the appropriate section of this Annual Report.

7.2 Internal Control

The Board affirms the importance of maintaining a sound system of internal controls and risk management practices to good corporate governance. It acknowledges its overall responsibility in this area and also the need to review its effectiveness regularly. Information pertaining to the Group's internal control is presented in the Statement About the State of Internal Control in this Annual Report.

7.3 Relationship with the Auditors

The Board has established formal and transparent arrangements for maintaining appropriate relationships with the Group's Auditors, through the Audit Committee. Whenever the need arises, the Auditors would highlight to both the Audit Committee and the Board, matters, especially those pertaining to the areas of risk management and internal controls that would require their attention and response. The role of the Audit Committee in relation with the Auditors is described in the Audit Committee Report.

8. DIRECTORS' RESPONSIBILITY STATEMENT

Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Securities requires a statement explaining the Board of Directors' responsibility for preparing the financial statements.

The Directors are responsible in the preparation of financial statements for financial year to give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group and the Company for the financial year then ended.

In ensuring the preparation of these financial statements, the Directors have:-

- adopted suitable accounting policies and apply them consistently;
- made judgements and estimates that are reasonable and prudent; and
- ensured that applicable approved accounting standards have been complied with.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and ensuring that the financial statements comply with the Companies Act, 1965, applicable approved accounting standards in Malaysia and Main Market Listing Requirements of Bursa Securities.

This Statement on Corporate Governance was approved in accordance with the resolution of the Board on 27 April 2010.

I STATEMENT ABOUT THE STATE OF INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, the Board of Directors of SLP Resources Berhad is pleased to provide the following statement on the state of internal control of the Group, which has been prepared in accordance with the *Statement on Internal Control: Guidance for Directors of Public Listed Companies ('Internal Control Guidance')* issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities.

RESPONSIBILITY FOR RISK AND INTERNAL CONTROL

The Board recognises the importance of a structured risk management and a risk-based internal audit to establish and maintain a sound system of internal control. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. Because of the limitations that are inherent in any systems of internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of the annual report. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the Internal Control Guidance.

RISK MANAGEMENT

The Board and management practice proactive significant risks identification on a quarterly basis or earlier as appropriate, particularly any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a level acceptable to the Board.

INTERNAL AUDIT

The Board acknowledges the importance of internal audit function and has engaged the services of an independent professional accounting and consulting firm, Messrs UHY Diong to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Audit Committee. The audit focuses on areas with high risk and inadequate controls to ensure that an adequate action plan has in place to improve the controls. For those areas with high risk and adequate controls, the audit ascertains that the risks are effectively mitigated by the controls. On a half yearly basis or earlier as appropriate, the internal auditors report to the Audit Committee on areas for improvement and will subsequently follow up to determine the extent of their recommendations that have been implemented.

INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:-

- An organization structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of documented internal policies and procedures for operational, financial and human resource management, which is subject to regular review and improvement;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Budget is set by experienced management team as a guide for the operating units to achieve;
- Quarterly monitoring of results against budget, with major variances being followed up and management action taken where necessary; and
- Regular visits to operating units by members of the Board and senior management.

Based on the internal auditors' report for the financial year ended 31 December 2009, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial period, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.23 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This statement is issued in accordance with a resolution of the Board on 27 April 2010.

The Audit Committee which was formed in October 2007 currently comprises entirely non-executive Directors with majority of the members being independent as follows:

Name	Position
Mary Geraldine Phipps	Chairman, Independent Non-Executive Director
Chan Wah Chong	Member, Independent Non-Executive Director
Leow Chan Khiang	Member, Non-Independent Non-Executive Director

TERMS OF REFERENCE

Objectives

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following objectives :-

(i) assess the Group's processes relating to its risks and control environment;
(ii) oversee financial reporting; and
(iii) evaluate the internal and external audit processes.

Composition

The Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, all the members must be Non-Executive Directors, with majority of them being Independent Non-Executive Directors of the Company.

The Board shall at all times ensure that at least one (1) member of the Committee shall be:-

(i) a member of the Malaysian Institute of Accountants ("MIA") or
(ii) if the Director is not a member of MIA, the Director must have at least three (3) years of working experience and:-

    (a) the Director must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967, or
    (b) the Director must be a member of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
    (c) fulfils such other requirements as prescribed or approved by Bursa Securities.

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

The Chairman of the Committee shall be an Independent Non-Executive Director. No alternate Director of the Board shall be appointed as a member of the Committee.

The Board shall review the terms of office and performance of the Committee and each of its members at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

Quorum and Committee's Procedures

(i) Meetings shall be conducted at least four (4) times a year or more frequency as circumstances dictate.

(ii) In order to form a quorum for the meeting, a majority of at least two (2) members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

(iii) The Company Secretary shall be appointed Secretary of the Committee. The Secretary with the concurrence of the Chairman, shall draw up an agenda, which shall be circulated together with the relevant supporting documentation, at least seven (7) days prior to each meeting to the members of the Committee. The minutes of each meeting shall be kept and distributed to members of the Committee and of the Board of Directors.

(iv) The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meeting.

(v) The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

(vi) The Committee shall meet at least twice a year with the external auditors without the presence of any executive director of the Board.

Authority

(i) The Committee is authorised to seek any information it requires from employees, who are required to cooperate with any request made by the Committee.

(ii) The Committee shall have full and unlimited access to any information pertaining to the Group.

(iii) The Committee shall have direct communication channels with the internal and external auditors and with senior management of the Group and shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

(iv) The Committee shall have the resources that are required to perform its duties. The Committee can obtain, at the expense of the Company, outside legal or other independent professional advice it considers necessary.

(v) Where the Committee is of the view that a matter reported by it to the Board has not been satisfactory resolved resulting in a breach of the Bursa Securities' Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

Duties and Responsibilities

In fulfilling its primary objectives, the Committee shall undertake the following duties and responsibilities:-

(i) Review with the external auditors, the audit scope and plan, including any changes to scope of the audit plan.

(ii) Review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.

(iii) Review the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by management on major deficiencies in controls or procedures that are identified.

(iv) Review major audit findings and the management's response during the year with management, external auditors and internal auditors, including the status of previous audit recommendations.

(v) Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board.

(vi) To establish the following with the internal auditor:-

(a) review adequacy of scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its works;
(b) review the internal audit programmed and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit functions;
(c) review any appraisal or assessment of the performance of members of the internal audit function; and
(d) approve any appointment or termination of senior staff members of the internal audit function and to provide opportunity for the resigning staff member to submit his reasons for resigning.

(vii) Review the adequacy and integrity control systems, including enterprise risk management, management information system, and the internal auditors' and/or external auditors evaluation of the said systems.

(viii) Direct and where appropriate supervise any special projects or investigations considered necessary, and review investigation reports on any major defalcations, frauds and thefts.

(ix) Review the quarterly and year-end financial statements of the Group and the Company before submission to the Board of Directors, focusing particularly on:

(a) changes in or implementation of major accounting policies;
(b) significant and unusual events;
(c) significant adjustments arising from the audit;
(d) the going concern assumption; and
(e) compliance with accounting standards and other legal requirements.

(x) Review and monitor inter-company transactions and any related party transactions and conflict of interest situation that may arise within the Group or the Company, including any transaction, procedure or course of conduct that raises questions of management integrity and must be at arm's length and must not be unfavourable to the Group or the Company.

(xi) Any such other functions as may be authorised by the Board.

Reporting Procedures

The Chairman of the Committee shall report on each meeting to the Board. The Committee shall prepare reports, at least once a year, to the Board summarizing the Committee's activities during the year in discharge of its duties and responsibilities and the related significant results and findings.

The Committee is authorised to regulate its own procedure and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

The Minutes of the meetings shall be concluded by the Secretary of the Committee to the Committee members and all the other Board members.

Meetings

During the financial year ended 31 December 2009, a total of six (6) Audit Committee meetings were held. The details of attendance of each member of the Committee were as follows:-

Name	Attendance
Mary Geraldine Phipps	6/6
Leow Chan Khiang	6/6
Chan Wah Chong (Appointed on 1 July 2009)	2/2
Y.T.M. Tunku Dato' Dr Ismail Ibni Almarhum Tunku Mohammad Jewa (Demised on 19 August 2009)	4/5

Summary of Audit Committee Activities

During the financial year ended 31 December 2009, the activities undertaken by the Committee included the following:

(i) reviewed the annual audited financial statements of the Group and the Company for the financial year ended 31 December 2009 and made recommendations to the Board for approval;

(ii) reviewed with external auditors, the draft Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2009;

(iii) reviewed the external auditors' scope of work and the audit planning memorandum for the financial year ended 31 December 2009;

(iv) evaluated the performance of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration;

(v) reviewed with the internal auditors on the internal audit reports and internal audit plans of the Group for the financial year ended 31 December 2009;

(vi) meeting with external auditors without the presence of management of the Company; and

(vii) reviewed with the external auditors the results of the annual audit, and management letter together with Management's response to the findings of the external auditors for the financial year ended 31 December 2009.

Internal Audit Function

The Group has engaged the services of an independent professional accounting and consulting firm, Messrs UHY Diong to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control. Messrs UHY Diong reports directly to the Audit Committee on its activities based on the approved annual Internal Audit Plans. Its principal role is to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes. During the financial year under review, Internal Auditors have conducted assurance review on adequacy and effectiveness of internal control system on certain operating units and presented its findings together with recommendation and management action plan to Audit Committee for review. The cost incurred for the Group's internal audit function during the financial year ended 31 December 2009 amounted to RM21,000.00.

This report is made in accordance with a resolution of the Board of Directors dated 27 April 2010.

1. Status of Utilisation of IPO Proceeds

The Rights Issue and Public Issue in conjunction with the Company's listing on Bursa Securities on 12 March 2008 raised total proceeds of RM22.115 million which were fully utilised in the following manner:-

	Intended Timeframe for Utilisation from Date of Listing	Proposed Utilisation	Actual Utilisation	Deviation
		RM'000	RM'000	RM'000
Repayment of bank borrowings	3 months	5,000	5,000	–
Purchase of machinery/ equipment	12 months	6,000	3,827	(2,173)
Working capital	6 months	9,115	11,671	2,556
Share issue expenses	3 months	2,000	1,617	(383)
Total		**22,115**	**22,115**	**–**

Notes:-

(i) The actual share issue/ listing expenses were lower than the budget. As such, the unutilised balance of proceeds of approximately RM383,000 was utilised for working capital purposes.

(ii) The Board had on 25 February 2009 approved the variation in the unutilised balance of the proceeds of RM2.173 million for the purchase of machinery/ equipment to working capital purposes. The excess balance of RM2.173 million for the purchase of machinery/ equipment was because of lower actual price paid for a machine acquired as compared to the initial estimated price. The Company had notified the Securities Commission on the variation of the utilisation of proceeds and proper announcements were made via its quarterly results.

2. Share Buybacks

The Company did not enter into any share buyback transactions during the financial year ended 31 December 2009.

3. Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year ended 31 December 2009.

4. American Depository Receipt (ADR) or Global Depository (GDR) Programme

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2009.

5. Sanctions and/ or penalties imposed on the listed issuer and its subsidiaries, directors or management by the relevant regulatory bodies

There were no public sanctions and/ or public penalties imposed on the Company and its subsidiaries, directors or management by relevant regulatory bodies during the financial year ended 31 December 2009.

6. Non-Audit Fee

The amount of non-audit fee paid to the external auditors for the financial year ended 31 December 2009 was nil.

7. Profit Estimate, Forecast, Projection, and Variation in Results

There were no variations of 10% or more between the audited results for the financial year ended 31 December 2009 and the unaudited results for the final quarter ended 31 December 2009 of the Group previously announced.

The Company did not make any release on the profit estimate, forecast and projection for the financial year.

8. Profit Guarantee

The Company did not give any profit guarantee during the financial year ended 31 December 2009.

9. Material Contracts

There were no material contracts entered into by the Company and/ or its subsidiaries involving Directors' and major shareholders' interests either still subsisting as at the end of the financial year ended 31 December 2009 or entered into since the end of the previous financial year.

10. Revaluation Policy

The Group revalues its property comprising land and building every five (5) years and at shorter intervals whenever the fair value of revalued assets is expected to differ materially from their carrying value.

| FINANCIAL **statements**

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding.

The principal activities of its subsidiaries are stated in Note 5 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit attributable to shareholders of the Company	**6,604,082**	**6,111,445**

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid :

i) a single tier final dividend of 2 sen per ordinary share on 106,000,000 ordinary shares of RM0.50 each, totalling RM2,120,000 in respect of the year ended 31 December 2008 on 18 August 2009; and

ii) a single tier interim dividend of 2 sen per ordinary share on 106,000,000 ordinary shares of RM0.50 each, totalling RM2,120,000 in respect of the year ended 31 December 2009 on 8 October 2009.

A single tier final dividend of 1 sen per ordinary share on 247,333,333 ordinary shares of RM0.25 each (after Share Split and Bonus Issue), totalling RM2,473,333 has been recommended by the Directors in respect of the year ended 31 December 2009, subject to shareholders' approval at the forthcoming Annual General Meeting.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Khaw Khoon Tee
Khaw Seang Chuan
Ong Peik Joo
Khaw Choon Hoong
Leow Chan Khiang
Mary Geraldine Phipps
Chan Wah Chong (Appointed on 1.7.2009)
Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohammad Jewa (Demised on 19.8.2009)

DIRECTORS' INTERESTS

The interests and deemed interests in the shares of the Company and of its related companies (other than wholly–owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

	Number of ordinary shares of RM0.50 each			
	At 1.1.2009	**Bought**	**(Sold)**	**At 31.12.2009**
Khaw Khoon Tee				
Interest in the Company :				
- own	13,358,498	–	–	13,358,498
- others #	1,477,500	–	–	1,477,500
Deemed interest in the Company :				
- own	42,400,000	–	–	42,400,000
Ong Peik Joo				
Interest in the Company :				
- own	12,093,226	–	–	12,093,226
- others #	1,477,500	–	–	1,477,500
Deemed interest in the Company				
- own	42,400,000	–	–	42,400,000
Khaw Seang Chuan				
Interest in the Company :				
– own	4,188,276	–	–	4,188,276
– others #	76,000	–	–	76,000
Deemed interest in the Company				
–own	42,400,000	–	–	42,400,000
Khaw Choon Hoong				
Interest in the Company :				
– own	470,000	–	–	470,000
Leow Chan Khiang				
Interest in the Company :				
– own	50,000	–	–	50,000
Mary Geraldine Phipps				
Interest in the Company :				
– own	20,000	–	–	20,000

These are shares held in the name of the spouse and children (who themselves are not Directors of the Company) and are regarded as interest of the Director in accordance with Section 134(12)(c) of the Companies Act, 1965.

By virtue of their interests in the shares of the Company, Mr. Khaw Khoon Tee, Madam Ong Peik Joo and Mr. Khaw Seang Chuan are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Director holding office at 31 December 2009 had any interest in the ordinary shares of the Company on its related companies during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor 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 Notes 18 and 19 of the financial statements) by reason of a contract made by the Company or a related company 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.

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid–up share capital of the Company and no debentures were issued by the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that :

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances :

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, there does not exist :

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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 as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2009 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SUBSEQUENT EVENTS

Details of such events are as disclosed in Note 28 to the financial statements.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re–appointment.

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

KHAW KHOON TEE

KHAW SEANG CHUAN

Penang,
Date : 27 April 2010

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 43 to 83 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 financial position of the Group and of the Company at 31 December 2009 and of their financial performance and cash flows for the year then ended.

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

KHAW KHOON TEE

KHAW SEANG CHUAN

Penang,
Date : 27 April 2010

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Khaw Khoon Tee, the Director primarily responsible for the financial management of SLP Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 43 to 83 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 27 April 2010.

KHAW KHOON TEE

Before me :

CHEAH BENG SUN, DJN, AMN, PKT, PJK, PJM, PK.
(No: P.103)
Commissioner of Oaths
Penang

PESURUHJAYA SUMPAH
P. 103
CHEAH BENG SUN
DJN, AMN, PKT, PJK, PJM,PK.
MALAYSIA
No. 33, LEBUH PANTAI
10300 PENANG

I INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SLP RESOURCES BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of SLP Resources Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 83.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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 and fair presentation of the financial statements 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 2009 and of their financial performance and cash flows for the 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 accounts 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.

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.

KPMG
AF 0758
Chartered Accountants

OOI KOK SENG
2432/05/11 (J)
Chartered Accountant

Date : 27 April 2010
Penang

I CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2009

	Note	2009 RM	2008 RM
Assets			
Property, plant and equipment	3	**46,053,405**	48,992,287
Prepaid lease payments	4	**8,277,258**	7,819,977
Other investment	5	**1,352,480**	75,000
Intangible assets	6	**999,632**	840,541
Total non-current assets		**56,682,775**	57,727,805
Receivables, deposits and prepayments	7	**25,142,013**	32,567,146
Inventories	8	**16,484,645**	19,068,966
Current tax assets		**238,400**	237,821
Cash and cash equivalents	9	**8,619,569**	14,053,444
Total current assets		**50,484,627**	65,927,377
Total assets		**107,167,402**	123,655,182
Equity			
Share capital	10	**53,000,000**	53,000,000
Reserves	11	**19,585,222**	17,221,140
Total equity		**72,585,222**	70,221,140
Liabilities			
Deferred tax liabilities	12	**6,350,000**	6,054,000
Loans and borrowings	13	**5,922,489**	12,041,113
Total non-current liabilities		**12,272,489**	18,095,113
Payables and accruals	14	**12,036,534**	7,776,860
Loans and borrowings	13	**9,977,990**	27,527,275
Current tax liabilities		**295,167**	34,794
Total current liabilities		**22,309,691**	35,338,929
Total liabilities		**34,582,180**	53,434,042
Total equity and liabilities		**107,167,402**	123,655,182

The notes on pages 52 to 83 are an integral part of these financial statements.

I CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 RM	2008 RM
Continuing operations			
Revenue	15	**130,445,774**	183,914,863
Changes in work–in–progress and manufactured inventories		**(972,364)**	(1,039,002)
Raw materials and consumables used		**(100,223,196)**	(153,433,133)
Employee benefits expenses	16	**(5,772,615)**	(5,334,990)
Depreciation and amortisation	3,4	**(6,217,288)**	(6,141,034)
Other operating expenses		**(9,718,494)**	(10,637,424)
Other operating income		**833,100**	1,261,532
Results from operating activities		**8,374,917**	8,590,812
Finance costs	17	**(552,180)**	(2,191,911)
Profit before tax	18	**7,822,737**	6,398,901
Tax expense	20	**(1,218,655)**	(1,158,562)
Profit for the year		**6,604,082**	5,240,339
Attributable to :			
Shareholders of the Company		**6,604,082**	5,240,339
Dividends per ordinary share (sen)	21	**3.00**	4.00
Basic earnings per ordinary share (sen)	22	**2.67**	2.22

The notes on pages 52 to 83 are an integral part of these financial statements.

I CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Share capital RM	← Share premium RM	Non-distributable Reverse acquisition reserve RM	Revaluation reserve RM →	Distributable Retained earnings RM	Total equity RM
At 1 January 2008		40,000,000	–	(26,639,691)	6,706,812	26,550,451	46,617,572
Issue of shares		13,000,000	9,100,000	–	–	–	22,100,000
Share issue expenses		–	(1,616,771)	–	–	–	(1,616,771)
Profit for the year		–	–	–	–	5,240,339	5,240,339
Dividend paid	21	–	–	–	–	(2,120,000)	(2,120,000)
At 31 December 2008		53,000,000	7,483,229	(26,639,691)	6,706,812	29,670,790	70,221,140
Profit for the year		–	–	–	–	6,604,082	6,604,082
Dividends paid	21	–	–	–	–	(4,240,000)	(4,240,000)
At 31 December 2009		**53,000,000**	**7,483,229**	**(26,639,691)**	**6,706,812**	**32,034,872**	**72,585,222**

The notes on pages 52 to 83 are an integral part of these financial statements.

I CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 RM	2008 RM
Cash flows from operating activities			
Profit before tax from continuing operations		**7,822,737**	6,398,901
Adjustments for :			
Allowance for diminution in value of other investment		**–**	102,000
Depreciation of property, plant and equipment	3	**6,022,045**	5,969,033
Amortisation of prepaid lease payments	4	**195,243**	172,001
Interest expense	17	**552,180**	2,191,911
Interest income		**(180,726)**	(672,587)
Dividend income		**–**	(3,000)
Gain on disposal of other investment		**(40,501)**	–
Loss on disposal of plant and equipment		**1,316**	1,688
Operating profit before changes in working capital		**14,372,294**	14,159,947
Changes in working capital :			
Receivables, deposits and prepayments		**7,425,133**	1,843,159
Inventories		**2,584,321**	6,581,017
Payables and accruals		**4,259,674**	(9,166,777)
Cash generated from operations		**28,641,422**	13,417,346
Tax paid		**(662,861)**	(919,616)
Net cash from operating activities		**27,978,561**	12,497,730
Cash flows from investing activities			
Proceeds from disposal of :			
– plant and equipment		**220**	750
– other investment		**115,501**	–
Interest received		**180,726**	672,587
Withdrawal of pledged fixed deposits		**–**	2,273,395
Purchase of :			
– property, plant and equipment	A	**(2,784,699)**	(6,256,966)
– other investment		**(1,352,480)**	–
Additions of :			
– prepaid lease payments	4	**(652,524)**	(679,677)
– intangible assets	6	**(159,091)**	(829,211)
Dividend received		**–**	3,000
Net cash used in investing activities		**(4,652,347)**	(4,816,122)

	Note	**2009 RM**	2008 RM
Cash flows from financing activities			
Share issue expenses		**–**	(1,616,771)
Proceeds from issuance of share		**–**	22,100,000
Interest paid		**(552,180)**	(2,191,911)
Repayment of :			
– finance lease liabilities		**(219,919)**	(348,381)
– term loans		**(7,146,435)**	(2,626,588)
– other bank borrowings, net		**(16,601,555)**	(19,487,306)
Dividends paid	21	**(4,240,000)**	(2,120,000)
Net cash used in financing activities		**(28,760,089)**	(6,290,957)
Net (decrease)/increase in cash and cash equivalents		**(5,433,875)**	1,390,651
Cash and cash equivalents at 1 January		**14,053,444**	12,662,793
Cash and cash equivalents at 31 December	**9**	**8,619,569**	**14,053,444**

Note

A. Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM3,084,699 (2008 : RM6,256,966) of which RM300,000 (2008 : RM Nil) was acquired by means of finance lease.

The notes on pages 52 to 83 are an integral part of these financial statements.

BALANCE SHEET
AT 31 DECEMBER 2009

	Note	2009 RM	2008 RM
Assets			
Investment in subsidiaries	5	**39,985,373**	39,985,373
Total non-current assets		**39,985,373**	39,985,373
Receivables, deposits and prepayments	7	**24,630,369**	20,310,419
Current tax assets		**28,663**	–
Cash and cash equivalents	9	**53,577**	2,563,276
Total current assets		**24,712,609**	22,873,695
Total assets		**64,697,982**	62,859,068
Equity			
Share capital	10	**53,000,000**	53,000,000
Reserves	11	**11,657,582**	9,786,137
Total equity		**64,657,582**	62,786,137
Liabilities			
Payables and accruals	14	**40,400**	38,137
Current tax liabilities		**–**	34,794
Total current liabilities		**40,400**	72,931
Total equity and liabilities		**64,697,982**	62,859,068

The notes on pages 52 to 83 are an integral part of these financial statements.

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 RM	2008 RM
Continuing operations			
Revenue	15	**8,350,000**	5,250,000
Other operating expenses		**(216,529)**	(179,416)
Other operating income		**26,019**	201,511
Profit before tax	18	**8,159,490**	5,272,095
Tax expense	20	**(2,048,045)**	(824,794)
Profit for the year attributable to the shareholders of the Company		**6,111,445**	4,447,301
Dividends per ordinary share (sen)	21	**3.00**	4.00

The notes on pages 52 to 83 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Share capital RM	Share premium RM	(Accumulated losses)/ Retained earnings RM	Total equity RM
At 1 January 2008		40,000,000	–	(24,393)	39,975,607
Issue of shares		13,000,000	9,100,000	–	22,100,000
Share issue expenses		–	(1,616,771)	–	(1,616,771)
Profit for the year		–	–	4,447,301	4,447,301
Dividend paid	21	–	–	(2,120,000)	(2,120,000)
At 31 December 2008		53,000,000	7,483,229	2,302,908	62,786,137
Profit for the year		–	–	6,111,445	6,111,445
Dividends paid	21	–	–	(4,240,000)	(4,240,000)
At 31 December 2009		**53,000,000**	**7,483,229**	**4,174,353**	**64,657,582**

The notes on pages 52 to 83 are an integral part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 RM	2008 RM
Cash flows from operating activities			
Profit before tax from continuing operations		**8,159,490**	5,272,095
Adjustments for :			
Interest income		**(26,019)**	(201,511)
Dividend income		**(8,350,000)**	(5,250,000)
Operating loss before changes in working capital		**(216,529)**	(179,416)
Changes in working capital :			
Receivables, deposits and prepayments		**(2,444,950)**	(18,011,419)
Payables and accruals		**2,263**	(29,103)
Cash used in operating activities		**(2,659,216)**	(18,219,938)
Dividends received		**4,387,500**	2,220,000
Tax paid		**(24,002)**	(10,000)
Net cash from/(used in) operating activities		**1,704,282**	(16,009,938)
Cash flow from investing activity			
Interest received		**26,019**	201,511
Net cash from investing activity		**26,019**	201,511
Cash flows from financing activities			
Share issue expenses		**–**	(1,616,771)
Proceeds from issuance of shares		**–**	22,100,000
Dividends paid	21	**(4,240,000)**	(2,120,000)
Net cash (used in)/from financing activities		**(4,240,000)**	18,363,229
Net (decrease)/increase in cash and cash equivalents		**(2,509,699)**	2,554,802
Cash and cash equivalents at 1 January		**2,563,276**	8,474
Cash and cash equivalents at 31 December	9	**53,577**	2,563,276

The notes on pages 52 to 83 are an integral part of these financial statements.

SLP Resources Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of the Company are as follows :

Registered office

Suite 12–A, Level 12 Menara Northam
No. 55, Jalan Sultan Ahmad Shah
10050 Penang

Principal place of business

Plot 1, Lot 57–A
Lorong Perusahaan 5
Kulim Industrial Estate
09000 Kulim
Kedah

The consolidated financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are stated in Note 5 to the financial statements.

The financial statements were approved by the Board of Directors on 27 April 2010.

1. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group and the Company :

FRS effective for annual periods beginning on or after 1 July 2009
- FRS 8, Operating Segments

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010
- FRS 4, Insurance Contracts
- FRS 7, Financial Instruments: Disclosures
- FRS 101, Presentation of Financial Statements (revised)
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 1, First–time Adoption of Financial Reporting Standards
- Amendments to FRS 2, Share–based Payment: Vesting Conditions and Cancellations
- Amendments to FRS 7, Financial Instruments: Disclosures
- Amendments to FRS 101, Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

- Amendments to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 132, Financial Instruments: Presentation
  – Puttable Financial Instruments and Obligations Arising on Liquidation
  – Separation of Compound Instruments
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement
  – Reclassification of Financial Assets
  – Collective Assessment of Impairment for Banking Institutions
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment
- IC Interpretation 11, FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13, Customer Loyalty Programmes
- IC Interpretation 14, FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

Amendments effective for annual periods beginning on or after 1 March 2010
- Amendments to FRS 132, Financial Instruments: Presentation – Classification of Rights Issues

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010
- FRS 1, First–time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share–based Payment
- Amendments to FRS 5, Non–current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements
- IC Interpretation 15, Agreements for the Construction of Real Estate
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distribution of Non–cash Assets to Owners
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

Amendments effective for annual periods beginning on or after 1 January 2011
- Amendments to FRS 1, First–time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First–time Adopters
- Amendments to FRS 7, Financial Instruments : Disclosures – Improving Disclosures about Financial Instruments

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for Amendments to FRS 2, FRS 4, Amendments to FRS 101, Amendments to FRS 132, IC Interpretation 11, IC Interpretation 13 and IC Interpretation 14 which are not applicable to the Group and the Company; and

- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for Amendments to FRS 2, and Amendments to 5, IC Interpretation 12, IC Interpretation 15 and IC Interpretation 16 and IC Interpretation 17 which are not applicable to the Group and the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), Accounting Policies, Changes in Accounting Estimates and Errors, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

The impacts of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, are disclosed below:

(i) FRS 8, Operating Segments

FRS 8 replaces FRS 114_{2004} Segment Reporting and requires the identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its geographical segments (see Note 23). The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than changes in disclosures.

(ii) Improvements to FRSs (2009)

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes. Amendments that have material impact are :

- **FRS 117, Lease**
  The amendments clarify that the classification of lease of land and require entities with existing lease of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

- **FRS 138, Intangible assets**
  FRS 138 (revised) clarify that other amortisation methods may be used for intangible assets with finite useful lives apart from the straight–line method which is likely to be relevant to the Group.

  The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

The adoption of the above amendments to Improvements to FRSs (2009) does not have any significant impact on the Group's financial position or results.

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

(iii) IC Interpretation 10, Interim Financial Reporting and Impairment

IC Interpretation 10 prohibits the reversal of an impairment loss that has been recognised in an interim period during a financial year in respect of the following :

(a) goodwill;
(b) an investment in an equity instrument; or
(c) a financial asset carried at cost

In accordance with the transitional provisions, the Group will apply IC Interpretation 10 to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date the Group first applied the measurement criteria of FRS 136, Impairment of Assets and FRS 139, Financial Instruments : Recognition and Measurement respectively. IC Interpretation 10 does not have any significant impact on the Group's financial position or results.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the notes to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

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

The acquisition of SHSB is accounted for using reverse acquisition accounting principles in accordance with the Financial Reporting Standard 3, Business Combinations ("FRS 3"). Upon completion of the acquisition of SHSB, it became the legal parent company of SLP Group. Due to the relative values of the companies, the former shareholders of SHSB became the majority shareholders, controlling about 100% of the share capital of the Company. Further, the Company's continuing operations and management are those of SHSB. Accordingly, the substance of the business combination is that SHSB acquires the Company in a reverse acquisition.

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

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is held for sale.

(ii) Transactions eliminated on consolidation

Intra–group balances and transactions, and any unrealised income and expenses arising from intra–group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non–monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Derivative financial instruments

The Group uses derivative financial instruments in the form of forward foreign exchange contracts to hedge its exposure to foreign exchange arising from operational activities.

Derivative financial instruments are not recognised in the financial statements on inception.

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rate and all exchange gains or losses are recognised as income or expense in the income statements in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at valuation/cost less accumulated depreciation and accumulated impairment losses, if any.

The Group revalues its property comprising land and building every 5 years and at shorter intervals whenever the fair value of revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statements.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self–constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other operating income" or "other operating expenses" respectively in the income statements. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day–to–day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iii) Depreciation

Depreciation is recognised in the income statements on a straight–line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives of the assets for the current and comparative periods are depreciated at the following annual principal rates :

• Factory buildings	2%
• Renovation	2%
• Plant, machinery and factory equipment	8% – 12%
• Office furniture and equipment	10% – 40%
• Motor vehicles	16% – 20%

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leased assets (cont'd)

(ii) Operating lease (cont'd)

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Certain leasehold land were revalued in 2006 and the Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A when it first adopted FRS 117, Leases in 2007.

Payments made under operating leases are recognised in the income statements on a straight–line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition ("negative goodwill") is recognised immediately in income statements.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statements as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statements as an expense as incurred. Capitalised development expenditure is stated at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group are stated at cost less any accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible assets (cont'd)

(v) Amortisation

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation of intangible assets is charged to the income statements on a straight–line basis over the estimated useful lives of intangible assets.

(g) Investments in debt and equity securities

Investments in debt and equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition, investments in non–current equity securities other than investments in subsidiaries are stated at cost less allowance for diminution in value.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non–current equity securities and non–current debt securities other than investments in subsidiaries, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in debt and equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

a) the recognition of an asset on the day it is received by the entity, and
b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first–in, first–out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work–in–progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(i) Receivables

Receivables are initially recognised at their cost when the contractual right to receivables cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Impairment of assets

The carrying amounts of assets except for inventories and financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated usually at each reporting date.

The recoverable amount of an asset or cash–generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash–generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash–generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash–generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash–generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statements, a reversal of that impairment loss is also recognised in the income statements.

(l) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re–measured subsequently.

Issue expenses

Incremental costs directly attributable to issue of equity instruments are recognised as a deduction from equity.

(m) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Employee benefits

Short–term employee benefits

Short–term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short–term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre–tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(p) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non–occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(q) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(r) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(t) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance is treated as tax base of assets and is recognised as a reduction of tax expense as and when it is utilised.

(u) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. PROPERTY, PLANT AND EQUIPMENT – GROUP

	At valuation	At cost						
	Factory buildings RM	Factory building RM	Renovation RM	Plant, machinery and factory equipment RM	Office furniture and equipment RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Valuation/Cost								
At 1 January 2008	15,000,000	–	48,000	49,933,921	799,598	2,021,532	10,149,524	77,952,575
Additions	–	–	–	5,731,010	277,716	–	248,240	6,256,966
Reclassification	–	3,710,061	–	6,687,703	–	–	(10,397,764)	–
Disposals	–	–	–	(2,700)	(500)	–	–	(3,200)
At 31 December 2008/1 January 2009	15,000,000	3,710,061	48,000	62,349,934	1,076,814	2,021,532	–	84,206,341
Additions	–	–	–	1,488,440	25,823	665,948	904,488	3,084,699
Disposals	–	–	–	(3,200)	–	–	–	(3,200)
At 31 December 2009	**15,000,000**	**3,710,061**	**48,000**	**63,835,174**	**1,102,637**	**2,687,480**	**904,488**	**87,287,840**
Accumulated depreciation								
At 1 January 2008	333,333	–	3,840	26,751,284	559,125	1,598,201	–	29,245,783
Depreciation for the year	333,333	62,180	960	5,272,559	126,072	173,929	–	5,969,033
Disposals	–	–	–	(729)	(33)	–	–	(762)
At 31 December 2008/1 January 2009	666,666	62,180	4,800	32,023,114	685,164	1,772,130	–	35,214,054
Depreciation for the year	333,333	82,907	960	5,308,474	185,290	111,081	–	6,022,045
Disposals	–	–	–	(1,664)	–	–	–	(1,664)
At 31 December 2009	**999,999**	**145,087**	**5,760**	**37,329,924**	**870,454**	**1,883,211**	**-**	**41,234,435**
Carrying amounts								
At 1 January 2008	14,666,667	–	44,160	23,182,637	240,473	423,331	10,149,524	48,706,792
At 31 December 2008/1 January 2009	14,333,334	3,647,881	43,200	30,326,820	391,650	249,402	–	48,992,287
At 31 December 2009	**14,000,001**	**3,564,974**	**42,240**	**26,505,250**	**232,183**	**804,269**	**904,488**	**46,053,405**

3. PROPERTY, PLANT AND EQUIPMENT – GROUP (CONT'D)

3.1 Property, plant and equipment under the revaluation model

The Group's prepaid lease payments (see Note 4) and factory buildings were revalued based on the valuation report dated 19 January 2007 carried out by independent professional qualified valuers using an open market value method.

Had the revalued properties been carried under the cost model, their carrying amounts would have been RM2,677,492 (2008 : RM2,751,304) and RM8,218,176 (2008 : RM8,450,005) respectively.

3.2 Security

Prepaid lease payments (see Note 4), buildings and certain machineries amounting to RM36,952,407 (2008 : RM37,507,715) are charged to banks as security for loans and borrowings granted to the subsidiaries of the Company. (see Note 13).

3.3 Assets under finance lease

Included in the carrying amount of plant, machinery and motor vehicles of the Group are those acquired under finance lease instalment plans amounting to RM897,126 (2008 : RM452,489).

4. PREPAID LEASE PAYMENTS – GROUP

Unexpired period less than 50 years

	RM
Cost	
At 1 January 2008	7,468,626
Addition	679,677
At 31 December 2008/1 January 2009	8,148,303
Addition	652,524
At 31 December 2009	**8,800,827**
Amortisation	
At 1 January 2008	156,325
Amortisation for the year	172,001
At 31 December 2008/1 January 2009	328,326
Amortisation for the year	195,243
At 31 December 2009	**523,569**
Carrying amounts	
At 1 January 2008	7,312,301
At 31 December 2008/1 January 2009	7,819,977
At 31 December 2009	**8,277,258**

The Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.

5. INVESTMENTS

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Subsidiaries :				
Unquoted shares, at cost	–	–	**39,985,373**	39,985,373
Other investments :				
Cost :				
Quoted shares in Malaysia, at cost	–	177,000	–	–
Less : allowance for diminution in value	–	(102,000)	–	–
		75,000		
Unquoted shares outside Malaysia, at cost	**1,352,480**	–	–	–
	1,352,480	75,000	–	–
Market value of quoted shares	–	75,000	–	–

Details of the subsidiaries are as follows :

Name of subsidiaries	Effective equity held 2009 %	Effective equity held 2008 %	Principal activities
Sinliplas Holding Sdn. Bhd. ("SHSB")	**100**	100	Manufacture and sale of plastic packaging and its related products
Sinliplas Sdn. Bhd. ("SSB")	**100**	100	Trading of polymer products such as resin, manufacturing and sale of plastic packaging products and plastic related goods

All the subsidiaries were incorporated in Malaysia and are audited by KPMG.

6. INTANGIBLE ASSETS – GROUP

	Goodwill	Development costs	Total
	RM	RM	RM
Cost/Carrying amounts			
At 1 January 2008	11,330	–	11,330
Additions	–	829,211	829,211
At 31 December 2008/1 January 2009	11,330	829,211	840,541
Additions	–	159,091	159,091
At 31 December 2009	**11,330**	**988,302**	**999,632**

6.1 Goodwill

The goodwill is in respect of the Group's acquisition of the subsidiaries.

6.2 Intangible assets

Intangible assets principally comprise expenditure incurred on new products at development phase.

7. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2009	2008	2009	2008
		RM	RM	RM	RM
Trade					
Trade receivables	7.1	**25,122,406**	32,943,975	**–**	–
Less : Allowance for doubtful debts		**(722,205)**	(917,826)	**–**	–
		24,400,201	32,026,149	**–**	–
Non–trade					
Amount due from subsidiaries	7.2	**–**	–	**20,502,369**	18,040,490
Other receivables		**188,251**	117,098	**–**	16,429
Deposits		**69,705**	49,305	**3,000**	3,500
Prepayments		**483,856**	374,594	**–**	–
Dividend receivable		**–**	–	**4,125,000**	2,250,000
		741,812	540,997	**24,630,369**	20,310,419
		25,142,013	32,567,146	**24,630,369**	20,310,419

7.1 Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in the functional currency of the Group entities are as follows :

Functional currency	Foreign currency	Group 2009 RM	Group 2008 RM
RM	United States Dollar	**5,254,396**	8,688,140
RM	Japanese Yen	**3,683,002**	3,230,376
RM	Thai Baht	**35,616**	79,570

7.2 Amount due from subsidiaries

The non–trade receivables due from subsidiaries are unsecured, interest–free and repayable on demand.

8. INVENTORIES – GROUP

	2009 RM	2008 RM
Raw materials	**8,612,928**	10,224,885
Work–in–progress	**950,889**	672,838
Manufactured inventories	**6,920,828**	8,171,243
	16,484,645	19,068,966

9. CASH AND CASH EQUIVALENTS

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Short term deposits with licensed banks		**1,700,000**	9,888,304	**–**	2,555,000
Cash and bank balances		**6,919,569**	4,165,140	**53,577**	8,276
	9.1	**8,619,569**	14,053,444	**53,577**	2,563,276

9.1 Analysis of foreign currency exposure for cash and cash equivalents

Cash and cash equivalents denominated in currencies other than the functional currency of the Group entities are as follows :

Functional currency	Foreign currency	Group 2009 RM	Group 2008 RM
RM	United States Dollar	**4,049,506**	1,893,546
RM	Japanese Yen	**970,584**	698,711
RM	Thai Baht	**–**	130,002

10. SHARE CAPITAL – GROUP AND COMPANY

	2009 Amount RM	2009 Number of share	2008 Amount RM	2008 Number of share
Ordinary shares of RM0.50				
Authorised :	**100,000,000**	200,000,000	**100,000,000**	200,000,000
Issued and fully paid :				
Balance at 1 January	**53,000,000**	106,000,000	**40,000,000**	80,000,000
Issue of shares, for cash	**–**	–	**13,000,000**	26,000,000
Balance at 31 December	**53,000,000**	106,000,000	**53,000,000**	106,000,000

During the last financial year, the issued and paid up capital of the Company was increased by RM13,000,000 by way of allotment and issue of 26,000,000 ordinary shares of RM0.50 each arising from the public issue in conjunction with the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad at an issue price of RM0.85 per ordinary share.

11. RESERVES

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Non-distributable					
Reverse acquisition reserve	11.1	**(26,639,691)**	(26,639,691)	**–**	–
Revaluation reserve	11.2	**6,706,812**	6,706,812	**–**	–
Share premium	11.3	**7,483,229**	7,483,229	**7,483,229**	7,483,229
Distributable					
Retained earnings		**32,034,872**	29,670,790	**4,174,353**	2,302,908
		19,585,222	17,221,140	**11,657,582**	9,786,137

11.1 Reverse acquisition reserve

The reverse acquisition reserve arose as a result of the method of accounting for the acquisition of a subsidiary, Sinliplas Holding Sdn. Bhd. by the Company. In accordance with FRS 3, the acquisition has been accounted for as a reverse acquisition.

11.2 Revaluation reserve

Revaluation reserve arose from the revaluation of the Group's prepaid lease payments and buildings.

11.3 Share premium

The share premium of RM9,100,000 arose from the public issue was set off by the share issue expenses of RM1,616,771.

12. DEFERRED TAX LIABILITIES – GROUP

Recognised deferred tax liabilities

	2009 RM	2008 RM
Property, plant and equipment (including prepaid lease payments)		
– Capital allowances	**4,174,000**	3,838,000
– Revaluation	**2,176,000**	2,216,000
	6,350,000	6,054,000

The movement of deferred tax liabilities during the financial year are as follows :

	At 1 January 2008 RM	Recognised in the income statements (Note 20) RM	At 31 December 2008 RM	Recognised in the income statements (Note 20) RM	At 31 December 2009 RM
Property, plant and equipment (including prepaid lease payments)					
– Capital allowances	3,078,000	760,000	3,838,000	336,000	**4,174,000**
– Revaluation	2,347,000	(131,000)	2,216,000	(40,000)	**2,176,000**
	5,425,000	629,000	6,054,000	296,000	**6,350,000**

13. LOANS AND BORROWINGS – GROUP

	2009 RM	2008 RM
Current :		
Unsecured :		
Export credit refinancing	**–**	643,000
Onshore foreign currency loan	**3,312,139**	1,424,694
Bankers' acceptances	**–**	1,641,000
Secured :		
Term loans	**4,733,553**	5,630,628
Bankers' acceptances	**1,763,000**	17,968,000
Finance lease liabilities	**169,298**	219,953
	9,977,990	27,527,275
Non–current :		
Secured :		
Term loans	**5,717,047**	11,966,407
Finance lease liabilities	**205,442**	74,706
	5,922,489	12,041,113

13.1 Securities

The secured loans and borrowings are secured against the following :

i) legal charges over the Group's prepaid lease payments and buildings;
ii) debentures or fixed charges over certain machineries of the Group; and
iii) corporate guarantees by the Company .

The Group's finance lease liabilities are secured by the charge over the assets acquired under finance lease.

13.2 Interest rates

The secured and unsecured bankers' acceptances and export credit refinancing bear interest at rates of 0.75% (2008: ranging from 0.75% to 1.00%) per annum above the respective funding and discounting rates.

The unsecured onshore foreign currency loan bears interest rate of 1.62% (2008: 4.93%) per annum.

The fixed rate term loan is subject to interest rate of Nil (2008 : ranging from 6.25% to 6.50%) and the floating rate term loans are subject to interest rates ranging from 0.50% to 1.00% (2008 : 0.50% to 1.00%) per annum above the respective funding rate.

Finance lease liabilities are subject to fixed interest rates ranging from 2.70% to 4.10% (2008 : 2.70% to 4.10%) per annum.

13. LOANS AND BORROWINGS – GROUP (CONT'D)

13.3 Terms and debt repayment schedule

	Year of maturity	Carrying amount RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM
2009					
Secured					
Term loan					
Floating rate					
– JPY	2011 – 2014	**8,979,856**	**3,452,244**	**2,930,379**	**2,597,233**
– USD	2010 – 2011	**1,151,060**	**1,091,123**	**59,937**	**–**
– RM	2011	**319,684**	**190,186**	**129,498**	**–**
Bankers' acceptances	2010	**1,763,000**	**1,763,000**	**–**	**–**
Finance lease liabilities	2010 – 2012	**374,740**	**169,298**	**100,008**	**105,434**
Unsecured					
Onshore foreign currency loan	2010	**3,312,139**	**3,312,139**	**–**	**–**
		15,900,479	**9,977,990**	**3,219,822**	**2,702,667**
2008					
Secured					
Term loan					
Floating rate					
– JPY	2011 – 2014	12,837,423	3,570,301	3,570,301	5,696,821
– USD	2010 – 2011	2,288,882	1,122,698	1,105,459	60,725
– RM	2011 – 2012	2,198,496	665,395	594,281	938,820
Fixed rate					
– RM	2009	272,234	272,234	–	–
Bankers' acceptances	2009	17,968,000	17,968,000	–	–
Finance lease liabilities	2009 – 2010	294,659	219,953	74,706	–
Unsecured					
Bankers' acceptances	2009	1,641,000	1,641,000	–	–
Export credit refinancing	2009	643,000	643,000	–	–
Onshore foreign currency loan	2009	1,424,694	1,424,644	–	–
		39,568,388	27,527,225	5,344,747	6,696,366

13. LOANS AND BORROWINGS – GROUP (CONT'D)

13.4 Finance lease liabilities

Finance lease liabilities are payable as follows :

	2009			2008		
	Minimum lease payments RM	Interest RM	Principal RM	Minimum lease payments RM	Interest RM	Principal RM
Within 1 year	**189,581**	**20,283**	**169,298**	247,629	27,676	219,953
Between 1 and 5 years	**216,792**	**11,350**	**205,442**	81,173	6,467	74,706
	406,373	**31,633**	**374,740**	328,802	34,143	294,659

14. PAYABLES AND ACCRUALS

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Trade					
Trade payables	14.1	**8,533,836**	5,785,573	**–**	–
Non-trade					
Other payables		**2,315,708**	837,365	**–**	–
Accrued expenses		**1,186,990**	1,153,922	**40,400**	38,137
		3,502,698	1,991,287	**40,400**	38,137
		12,036,534	7,776,860	**40,000**	38,137

14.1 Analysis of foreign currency exposure for significant payables

Significant payables outstanding at year end that are not in the functional currency of the Group entities are as follows :

Functional currency	Foreign currency	Group 2009 RM	Group 2008 RM
RM	United States Dollar	**3,356,795**	636,998
RM	Japanese Yen	**538,168**	215,064
RM	European Dollar	**34,384**	–

15. REVENUE

Group

Revenue represents the invoiced value of goods sold less discounts and returns.

Company

Revenue represents dividend income received from its subsidiaries.

16. EMPLOYEE BENEFITS EXPENSES

Employee benefits expenses include contributions to the Employees' Provident Fund of RM333,779 (2008 : RM314,172).

Included in employee benefits expenses of the Group also is executive Directors' remuneration as disclosed in Note 19.

17. FINANCE COSTS – GROUP

	2009 RM	2008 RM
Interest paid and payable :		
Bank overdrafts	**5,339**	5,401
Finance lease liabilities	**27,710**	48,105
Term loans	**344,349**	713,025
Bankers' acceptances	**154,117**	1,039,354
Export credit refinancing	**1,396**	256,955
Onshore foreign currency loan	**19,269**	129,071
	552,180	2,191,911

18. PROFIT BEFORE TAX

Profit before tax has been arrived at :

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
After charging :				
Auditors' remuneration				
– statutory audit by KPMG	**42,000**	42,000	**12,000**	12,000
– others services				
– KPMG	**–**	3,000	**–**	3,000
– Affiliate of KPMG	**11,500**	12,000	**4,000**	4,000
Directors' emoluments				
– Directors of the Company				
– fees	**64,000**	90,000	**64,000**	90,000
– remuneration	**1,083,565**	1,083,595	**–**	–
– Other Director's remuneration	**217,220**	217,220	**–**	–
– Past Director's fee	**24,000**	–	**24,000**	–
Allowance for doubtful debts	**–**	517,826	**–**	–
Bad debts written off	**3,309**	–	**–**	–
Rental of premises	**3,600**	3,000	**–**	–
Research and development expenses	**33,860**	45,515	**–**	–
Loss on disposal of plant and equipment	**1,316**	1,688	**–**	–
Loss on foreign exchange				
– realised	**1,713,737**	–	**–**	–
– unrealised	**–**	2,656,303	**–**	–
Allowance for diminution in value of other investment	**–**	102,000	**–**	–
and crediting :				
Dividends from :				
– subsidiaries	**–**	–	**8,350,000**	5,250,000
– quoted other investment	**–**	3,000	**–**	–
Gain on foreign exchange				
– realised	**–**	242,411	**–**	–
– unrealised	**893,852**	–	**–**	–
Interest income	**180,726**	672,587	**26,019**	201,511
Gain on disposal of quoted investment	**40,501**	–	**–**	–

19. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel include all Directors of the Group and of the Company and their compensations are as follows :

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Directors' fee	**88,000**	90,000	**88,000**	90,000
Directors' remuneration	**1,300,785**	1,300,815	**–**	–
Total short–term employee benefits	**1,388,785**	1,390,815	**88,000**	90,000

20. TAX EXPENSE

Recognised in the income statements

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Tax expense on continuing operations	**1,218,655**	1,158,562	**2,048,045**	824,794

Major components of tax expense include :

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Current tax expense				
– Current year	**937,500**	578,702	**2,068,000**	824,794
– Prior year	**(14,845)**	(49,140)	**(19,955)**	–
	922,655	529,562	**2,048,045**	824,794
Deferred tax expense				
– Origination and reversal of temporary differences	**(13,000)**	728,000	**–**	–
– Prior year	**309,000**	(99,000)	**–**	–
	296,000	629,000	**–**	–
	1,218,655	1,158,562	**2,048,045**	824,794

20. TAX EXPENSE (CONT'D)

Reconciliation of effective tax expense

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Profit for the year	**6,604,082**	5,240,339	**6,111,445**	4,447,301
Total tax expense	**1,218,655**	1,158,562	**2,048,045**	824,794
Profit excluding tax	**7,822,737**	6,398,901	**8,159,490**	5,272,095
Tax at Malaysian tax rate of 25% (2008 : 26%)	**1,955,684**	1,663,715	**2,039,873**	1,370,745
Effect of lower tax *	**–**	(30,000)	**–**	–
Effect of change in tax rate **	**–**	(153,508)	**–**	–
Non–deductible expenses	**175,837**	1,016,895	**28,127**	39,049
Tax incentives	**(913,427)**	(1,050,405)	**–**	–
Non–taxable income	**(252,706)**	(9,703)	**–**	(585,000)
Revaluation of land and building	**(40,000)**	(131,000)	**–**	–
Other items	**(888)**	708	**–**	–
Under/(Over) provision in prior years	**294,155**	(148,140)	**(19,955)**	–
Tax expense	**1,218,655**	1,158,562	**2,048,045**	824,794

* With effect from year of assessment 2004, companies with paid–up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000. With effect from year of assessment 2009, companies controlled directly or indirectly by another company with paid–up capital exceeding RM2.5 million are no longer entitled to this preferential tax rate.

** The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.

21. DIVIDENDS

Dividends recognised by the Company are :

	2009	2008
	RM	RM
Based on the share capital of 106,000,000 ordinary shares of RM0.50 each:		
In respect of the financial year ended 31 December 2008		
Single tier interim final dividend of 2 sen per ordinary share paid on 18 September 2008	**–**	2,120,000
Single tier final dividend of 2 sen per ordinary share paid on 18 August 2009	**2,120,000**	–
In respect of the financial year ended 31 December 2009		
Single tier interim dividend of 2 sen per ordinary share paid on 8 October 2009	**2,120,000**	–
	4,240,000	2,120,000

After the balance sheet date, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial reports upon approval by the shareholders.

21. DIVIDENDS (CONT'D)

	sen	Total amount RM
Based on the share capital of 247,333,333 ordinary shares of RM0.25 each (after Share Split and Bonus Issue effected on 26 April 2010):		
Single tier final 2009 ordinary share	1	2,473,333

The dividends per ordinary share as disclosed in the income statements take into account the total interim and final dividend for the financial year.

22. BASIC EARNINGS PER ORDINARY SHARE – GROUP

The calculation of basic earnings per ordinary share is based on the profit attributable to the shareholders of the Company of RM6,604,082 (2008 : RM5,240,339) and on the weighted number of ordinary shares outstanding during the financial year of 247,333,333 (2008 : 235,698,631) after adjustments for Share Split and Bonus Issue on disclosed in noted 28 and calculated as follows:

	2009 '000	2008 '000
Issued ordinary shares at beginning of year	**106,000**	80,000
Effect of shares issued during the year	**–**	21,014
Share Split	**106,000**	101,014
Bonus Issue	**35,333**	33,671
	247,333	235,699

23. SEGMENT REPORTING – GROUP

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated items comprise mainly investments and related revenue, loans and borrowings and related expenses, corporate assets and head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, prepaid lease payments and intangible assets other than goodwill.

Inter–segment pricing is determined on an arm's length basis.

Business segments

The Group's business segment is mainly comprised of the trading of polymer products, manufacturing and sale of plastic packaging and its related products.

Business segment information has not been prepared as all the Group's revenue, operating profit, assets employed, liabilities, capital expenditure, depreciation and amortisation and non cash expenses are mainly confined to one business segment.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

23. SEGMENT REPORTING – GROUP (CONT'D)

	Malaysia RM'000	Japan RM'000	European countries RM'000	Australia RM'000	Others RM'000	Consolidated RM'000
2009						
Revenue from external customers by location of customers	**76,918**	**36,600**	**9,263**	**3,040**	**4,625**	**130,446**
Segment assets by location of assets	**106,929**	**–**	**–**	**–**	**–**	**106,929**
Capital expenditure by location of assets (including prepaid lease payments and intangible assets)	**3,896**	**–**	**–**	**–**	**–**	**3,896**
2008						
Revenue from external customers by location of customers	114,565	36,822	12,151	5,983	14,394	183,915
Segment assets by location of assets	123,417	–	–	–	–	123,417
Capital expenditure by location of assets (including prepaid lease payments and intangible assets)	7,766	–	–	–	–	7,766

24. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all Directors of the Group and of the Company.

24. RELATED PARTIES (CONT'D)

The significant related party transactions of the Company, other than key management personnel compensation as disclosed in Note 19 are as follows :

	Company	
	2009	2008
	RM	RM
Subsidiaries		
Dividends received/receivable	**8,350,000**	5,250,000

25. CONTINGENT LIABILITIES (UNSECURED) – COMPANY

i) The Company has issued corporate guarantees to financial institutions for banking facilities granted to its subsidiaries up to limits of RM99.2 million (2008 : RM114.1 million) of which RM15.5 million (2008 : RM39.0 million) was utilised at balance sheet date.

ii) The Company has also issued corporate guarantees to a non–financial institution for the supply of goods and services provided to a subsidiary up to limit of RM9.0 million (2008 : RM Nil) of which RM2.99 million (2008 : RM Nil) was utilised as at balance sheet date.

26. CAPITAL COMMITMENT – GROUP

	2009	2008
	RM'000	RM'000
Plant and equipment		
Contracted but not provided for	**183**	–

27. FINANCIAL INSTRUMENTS

The Group's and Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board.

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury are set out as follows :

a) Credit risk

Exposure to credit risk arises mainly from sales made on credit terms. Credit terms offered by the Group ranged from 30 days to 90 days from the date of transactions. Risks arising therefrom are minimised through effective monitoring of receivables and suspension of sales to customers which accounts exceed the stipulated credit limits. Credit limits are set and credit history are reviewed to minimise potential losses.

b) Foreign currency risk

The Group is exposed to foreign currency risk as substantial amount of the Group's transactions are denominated in foreign currencies. The Group operates foreign currency current accounts and entered into forward exchange contract to minimise the foreign currency risk.

27. FINANCIAL INSTRUMENTS (CONT'D)

c) Liquidity risk

The Group and the Company practice prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

d) Interest rate risk

The Group and the Company are exposed to interest rate risk through the impact of rate changes on interest bearing loans and borrowings and interest earning deposits. The Group's and the Company's policy is to borrow principally on the floating basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate loans and borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Effective interest rates and repricing analysis

In respect of interest–earning financial asset and interest–bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the years in which they reprice or mature, whichever is earlier.

	Average effective interest rate %	Total RM	Within 1 year RM	1 – 5 years RM
Group				
2009				
Fixed rate instruments				
Short term deposits with licensed banks	1.60	1,700,000	1,700,000	–
Finance lease liabilities	2.97	374,740	169,298	205,442
Floating rate instruments				
Unsecured onshore foreign currency loan	1.62	3,312,139	3,312,139	–
Secured term loans				
– RM	6.55	319,684	319,684	–
– JPY	2.10	8,979,856	8,979,856	–
– USD	1.86	1,151,060	1,151,060	–
Secured bankers' acceptances	2.95	1,763,000	1,763,000	–

27. FINANCIAL INSTRUMENTS (CONT'D)

Effective interest rates and repricing analysis

	Average effective interest rate %	Total RM	Within 1 year RM	1 – 5 years RM
2008				
Fixed rate instruments				
Secured term loan				
– RM	6.28	272,234	272,234	–
Short term deposits with licensed banks	2.88	9,888,304	9,888,304	–
Finance lease liabilities	3.94	294,659	219,953	74,706
Floating rate instruments				
Unsecured export credit refinancing	4.25	643,000	643,000	–
Unsecured onshore foreign currency loan	4.93	1,424,694	1,424,694	–
Secured term loans				
– RM	7.75	2,198,496	2,198,496	–
– JPY	2.30	12,837,423	12,837,423	–
– USD	2.36	2,288,882	2,288,882	–
Secured bankers' acceptances	4.34	17,968,000	17,968,000	–
Unsecured bankers' acceptances	4.43	1,641,000	1,641,000	–
Company				
2008				
Fixed rate instruments				
Short term deposits with a licensed bank	3.29	2,555,000	2,555,000	–

Fair values

Recognised financial instruments

In respect of cash and cash equivalents, receivables, payables and short term borrowings, the carrying amounts approximate fair value due to the relatively short term nature of these financial instruments.

In respect of term loans with variable interest rates, the carrying amounts approximate fair value as it is on floating rate and hence reprices to market interest rate for liabilities with similar risk portfolios.

The Company provides financial guarantees to financial institutions and a non-financial institution for credit facilities extended to its subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

27. FINANCIAL INSTRUMENTS (CONT'D)

Fair values (cont'd)

Recognised financial instruments (cont'd)

The aggregate fair values of the other financial assets and financial liabilities carried on the balance sheet as at 31 December are shown below :

Group	2009 Carrying amount RM'000	2009 Fair value RM'000	2008 Carrying amount RM'000	2008 Fair value RM'000
Financial assets				
Quoted investment	**–**	**–**	75	75
Unquoted investment	**1,352**	*** 1,352**	–	–
Financial liabilities				
Secured term loans				
– fixed rate	**–**	**–**	272	# 272
Finance lease liabilities	**375**	**# 375**	295	# 295

* It was not practicable to estimate the fair value of the Group's investment in unquoted investment due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

\# The fair value of these fixed rate financial instruments are determined by discounting the relevant cash flows using current interest rates for similar financial instruments at the balance sheet date. Since the current interest rates do not significantly differ from the intrinsic rates of these financial instruments, the fair value of these financial instruments therefore, closely approximate their carrying values as at the balance sheet date.

Fair value of quoted investment is based on quoted market price at the balance sheet date without any deduction for transaction costs.

27. FINANCIAL INSTRUMENTS (CONT'D)

Unrecognised financial instruments

The contracted amount and fair value of financial instruments not recognised in the balance sheet as at 31 December are :

	Group	
	2009 RM	2008 RM
Forward foreign exchange contracts		
– contractual value	–	11,662,280
– unrealised loss	–	757,720
Fair value	–	12,420,000

28. SUBSEQUENT EVENTS

On 11 February 2010, the Company made an announcement to undertake the following corporate exercises:

i) Share split involving the subdivision of every existing one (1) ordinary share of RM0.50 each into two (2) ordinary shares of RM0.25 each; and

ii) Bonus issue involving the issuance of 35,333,333 new ordinary shares ("Bonus Shares"), to be credited as fully paid up by the Company, on the basis of one (1) Bonus Share for every six (6) ordinary shares held by the entitled shareholders of the Company after the proposal share split.

The above corporate exercises were approved by the shareholders in an Extraordinary General Meeting held on 8 April 2010 and effected on 26 April 2010.

ANALYSIS OF SHAREHOLDINGS

AS AT 3 MAY 2010

Authorised Share Capital	: RM100,000,000
Issued and fully paid–up Share Capital	: RM61,833,333.25
Class of Shares	: Ordinary shares of RM0.25 each
Voting Rights	: One vote per RM0.25 share

LIST OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

Name	Direct				Indirect	%
	Own	%	Others	%		
Khoon Tee & Family Sdn Bhd	98,933,333	40.00	–	–	–	–
Khaw Khoon Tee	31,170,121	12.60	3,447,498 (i)	1.39	98,933,333 (ii)	40.00
Ong Peik Joo	28,217,526	11.41	3,447,498 (i)	1.39	98,933,333 (ii)	40.00
Khaw Seang Chuan	9,772,644	3.95	177,333 (i)	0.07	98,933,333 (ii)	40.00

Note: –

i) Shares held in the name of the spouse and children and are treated as interest of the Director in accordance with Section 134(12)(c) of the Companies Act 1965

ii) Deemed interested by virtue of his shareholding of not less than 15% in Khoon Tee & Family Sdn Bhd pursuant to Section 6A of the Companies Act 1965

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

Name	Direct				Indirect	%
	Own	%	Others	%		
Khaw Khoon Tee	31,170,121	12.60	3,447,498 (i)	1.39	98,933,333 (ii)	40.00
Ong Peik Joo	28,217,526	11.41	3,447,498 (i)	1.39	98,933,333 (ii)	40.00
Khaw Seang Chuan	9,772,644	3.95	177,333 (i)	0.07	98,933,333 (ii)	40.00
Khaw Choon Hoong	1,096,666	0.44	–	–	–	–
Leow Chan Khiang	116,666	0.05	–	–	–	–
Mary Geraldine Phipps	46,666	0.02	–	–	–	–
Chan Wah Chong	–	–	–	–	–	–

Note: –

i) Shares held in the name of the spouse and children and are treated as interest of the Director in accordance with Section 134(12)(c) of the Companies Act 1965

ii) Deemed interested by virtue of his shareholding of not less than 15% in Khoon Tee & Family Sdn Bhd pursuant to Section 6A of the Companies Act 1965

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	15	1.647	518	0.000
100 – 1,000	543	59.605	133,696	0.054
1,001 – 10,000	201	22.064	773,561	0.313
10,001 – 100,000	105	11.526	3,005,113	1.215
100,001 – 12,366,665	44	4.830	85,099,465	34.407
12,366,666 and above	3	0.329	158,320,980	64.011
TOTAL	**911**	**100.000**	**247,333,333**	**100.000**

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAMES	NO. OF SHARES HELD	%
1.	KHOON TEE & FAMILY SDN. BHD.	98,933,333	40.000
2.	KHAW KHOON TEE	31,170,121	12.602
3.	ONG PEIK JOO	28,217,526	11.409
4.	KHAW SEANG CHUAN	9,772,644	3.951
5.	LAU SU LIN	8,990,566	3.635
6.	OSK NOMINEES (ASING) SDN BERHAD PLEDGED SECURITIES ACCOUNT FOR SEAQUEST EQUITIES INC.	5,921,000	2.394
7.	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR ZAINAL BIN SHAMSUDIN	5,833,333	2.358
8.	ONG PAIK SUIT	5,605,366	2.266
9.	CHEW SHEAU CHING	5,588,800	2.260
10.	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR KAMARUDDIN BIN ALIAS	5,366,666	2.170
11.	CHUAH CHIN KOK	4,859,166	1.965
12.	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR ROSNAH BINTI HASSAN	4,433,333	1.792
13.	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR RAZMI BIN ALIAS	3,517,033	1.422
14.	ONG PAIK LOI	3,351,600	1.355
15.	GOH BEE LENG	3,100,000	1.253
16.	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR AHMAD ZACHRY BIN ANIFAH AMAN	2,333,333	0.943
17.	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR AHMAD FIRDAUSS ANIFAH AMMAN	2,333,333	0.943
18.	KHAW SEANG SENG	1,149,166	0.465
19.	KHAW CHOON CHOON	1,149,166	0.465
20.	KHAW SEANG GHEE	1,149,166	0.465
21.	LEE CHOON HOOI	1,127,400	0.456
22.	KHAW CHOON HOONG	1,096,666	0.443
23.	JOAN YONG MUN CHING	1,013,600	0.410
24.	CHUAH HOO JIN	702,400	0.284
25.	FONG SUI WENG	701,400	0.284
26.	OKI TOSHIO	700,000	0.283
27.	LEE CHEONG KEAT @ LEE CHONG KEAT	700,000	0.283
28.	MASUDA TOSHIO	700,000	0.283
29.	YEOH KHENG HOE	605,033	0.245
30.	LIM JOO MIN	373,333	0.151
		240,494,483	**97.235**

LIST OF PROPERTIES HELD BY THE GROUP

AS AT 31 DECEMBER 2009

Location	Description/ Existing use	Tenure	Age of building	Land area/ Built up area (Sq. ft.)	Carrying amounts (RM'000)	Year acquired
P.T. 1, Lot 57A, Lorong Perusahaan 5, Kawasan Perusahaan Kulim, 09000 Kulim, Kedah/ Lot Nos.1339 & 1340 held under GRN Nos. 51494 & 51495 respectively, Section 38, both of Bandar Kulim, Daerah Kulim, Kedah Darul Aman	A three-storey office block annexed with a single-storey detached factory (Plant 1), a single-storey detached factory (Plant 2), a canteen, a guard house and other buildings and ancillary structures/ Office, production and warehouse for industrial use	60 years lease expiring on 30 June 2052 (Revalued in 2006)	4 - 15 years	471,082/ 253,202	23,165	1992/2002
Not applicable/ H.S.(M) No. 11813, P.T. 81, Kawasan Perusahaan Kulim, Kulim, Kedah Darul Aman	Vacant Industrial land	60 years lease commencing from 13 December 1989 expiring on 12 December 2049	Not applicable	165,528/ Not applicable	1,376	2007
P.T. NO.341, H.S.(M) 14113, Kawasan Perusahaan Kulim Bandar Kulim, Daerah Kulim, Kedah Darul Aman	Vacant Industrial land	60 years lease expiring on 30 June 2052	Not applicable	77,156/ Not applicable	659	2008
P.T. NO.340, H.S.(M) 14112, Kawasan Perusahaan Kulim Bandar Kulim, Daerah Kulim, Kedah Darul Aman	Vacant Industrial land	60 years lease expiring on 14 June 2049	Not applicable	76,025/ Not applicable	642	2009

PROXY FORM
SLP RESOURCES BERHAD (COMPANY NO.: 663862-H)

No. of shares held	

I/We, ____
(BLOCK LETTERS)

of ____

being a member/members of the above-named company hereby appoint ________________________

of ____

or failing him ____

of ____

as my/our proxy to vote for me/us on my/our behalf at the Fifth Annual General Meeting of the Company, to be held at Kulim Golf and Country Resort (Jasmine Room), Persiaran Kulim Golf, Kulim Hi-Tech Park, 09000 Kulim, Kedah on Friday, 18 June 2010 at 10.30 a.m. and any adjournment thereof.

No	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements		
2.	To approve single tier Final Dividend of 1.0 sen per ordinary share		
3.	To re-elect Chan Wah Chong as Director		
4.	To re-elect Khaw Khoon Tee as Director		
5.	To re-elect Mary Geraldine Phipps as Director		
6.	To approve payment of Directors' fees		
7.	To re-appoint Auditors		
8.	To empower Directors to issue and allot shares pursuant to Section 132D of the Companies Act 1965		

The Proportions of my holdings to be represented by my *proxy/proxies are as follows:-

First named Proxy – ________ %
Second named Proxy – ________ %
100.00 %

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

Signed this ______ day of ________ 2010.

____
Signature of Member(s)

NOTES:

1. A member entitled to attend and vote at this Meeting may appoint more than one (1) Proxy, who need not be a member, to attend and vote in his stead. Where a member appoints more than one (1) Proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

2. If the appointer is a corporation, the Proxy Form must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.

3. To be valid, the duly completed Proxy Form must be deposited at the Company's registered office at Suite 12A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjournment thereof.

4. Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.

Fold along this line

Affix
Postage
Here

To:

THE COMPANY SECRETARY
SLP RESOURCES BERHAD [663862-H]

Suite 12-A, Level 12 Menara Northam
No. 55, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

Fold along this line

P.T. 1, Lot 57A, Lorong Perusahaan 5,
Kulim Industrial Estate,
09000 Kulim, Kedah, Malaysia

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