annual report **2010**

building our capabilities

SLP RESOURCES BERHAD

[663862-H]

CONTENTS

CORPORATE STRUCTURE

SLP RESOURCES BERHAD ("SLP") WAS INCORPORATED IN MALAYSIA UNDER THE COMPANIES ACT, 1965 ON 25 AUGUST 2004. THE PRINCIPAL ACTIVITIES OF SLP ARE THAT OF INVESTMENT HOLDING AND PROVISION OF MANAGEMENT SERVICES TO ITS SUBSIDIARY COMPANIES. THE PARTICULARS OF THE SUBSIDIARY COMPANIES ARE AS FOLLOWS:-

SUBSIDIARY COMPANIES	DATE AND PLACE OF INCORPORATION	ISSUED AND PAID-UP SHARE CAPITAL	EFFECTIVE EQUITY INTEREST	PRINCIPAL ACTIVITIES
Sinliplas Holding Sdn Bhd	15.09.1989/ Malaysia	RM5,000,000	100%	Manufacture and sale of plastic packaging and its related products
Sinliplas Sdn Bhd	14.09.1990/ Malaysia	RM2,000,000	100%	Manufacture and sale of plastic packaging and trading of polymer products such as resin

CORPORATE INFORMATION

BOARD OF DIRECTORS

Khaw Khoon Tee
Executive Chairman

Khaw Seang Chuan
Group Managing Director

Khaw Choon Hoong
Executive Director

Khaw Choon Choon
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 / Independent Non-Executive Director

Chan Wah Chong
Member / Independent Non-Executive Director

Leow Chan Khiang
Member / Non-Independent Non-Executive Director

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

Chan Wah Chong
Chairman / Independent Non-Executive Director

Mary Geraldine Phipps
Member / Independent Non-Executive Director

Khaw Khoon Tee
Member / Executive Chairman

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

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. : 604-2282321
Facsimile No. : 604-2272391

REGISTERED OFFICE

Suite 12-A, Level 12, Menara Northam
No. 55, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
Telephone No. : 604-2280511
Facsimile No. : 604-2280518

HEAD OFFICE/MANAGEMENT OFFICE

P.T. 1, Lot 57A, Lorong Perusahaan 5
Kulim Industrial Estate
09000 Kulim, Kedah
Telephone No. : 604-4891858
Facsimile No. : 604-4891857

STOCK EXCHANGE LISTING

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

INVESTOR RELATIONS

Khaw Seang Chuan
Group Managing Director
Email : Kelvin@sinliplas.com.my

FINANCIAL HIGHLIGHTS

31 December	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000
Revenue	142,855	173,515	183,915	130,446	156,092
Profit Before Tax	9,764	11,712	6,398	7,823	10,383
Profit After Tax	8,596	10,625	5,240	6,605	9,311
Paid-up Capital	53,000	53,000	53,000	53,000	61,833
Shareholders' Equity	39,985	46,618	70,221	72,586	75,724
Total Assets	108,521	131,723	123,655	107,435	111,988
Total Borrowings	46,987	62,305	39,568	15,901	10,641
Net Earnings Per Share (sen)	4.05	5.01	2.47	2.67	3.77
Net Assets Per Share (sen)	16.2	18.8	28.4	29.3	30.6
Total Dividend Paid	NA	NA	4,240	4,593	4,946
Dividend Payout Ratio	NA	NA	80.9%	69.5%	49.3%
Borrowings/ Shareholders' Equity (times)	1.18	1.34	0.56	0.22	0.14

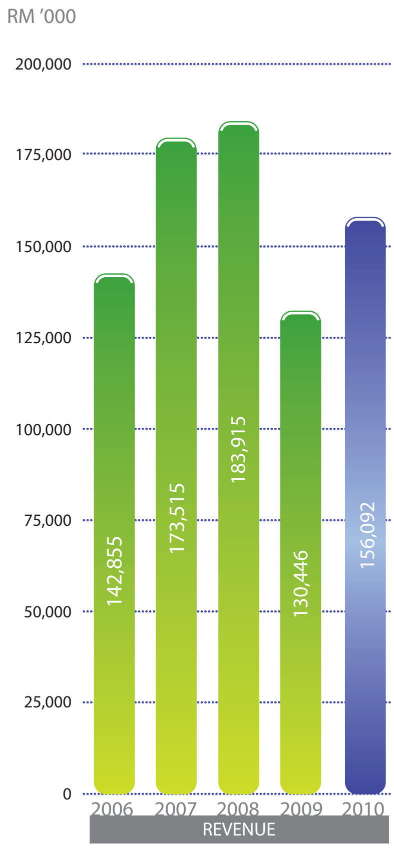
Notes:

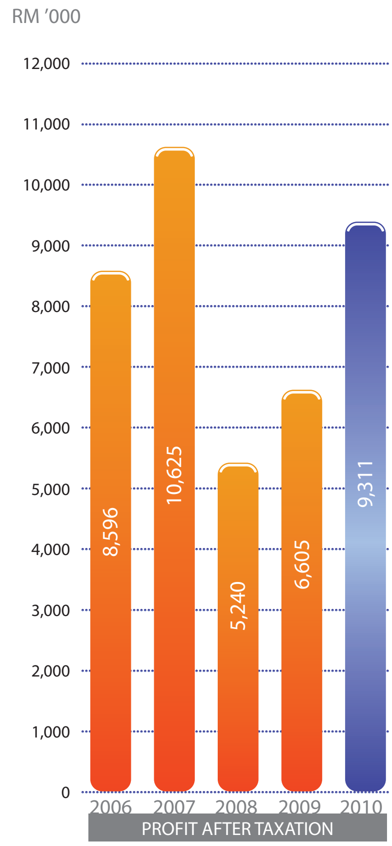
(i) The financial figures for the financial years ended 2006 to 2007 were prepared based on proforma consolidated basis on the assumption that the current structure of the Group has been in existence since the financial year ended 31 December 2006.

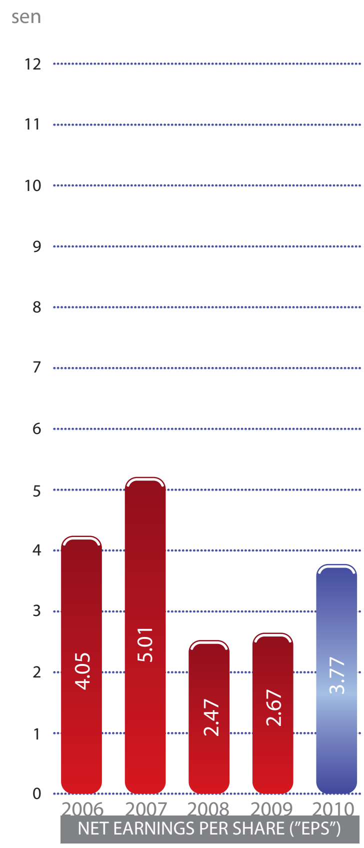
(ii) Paid-up Share Capital was adjusted to reflect the number of shares in issue after Share Split and Bonus Issue completed in FY2010 for comparative purposes only.

(iii) Net Earnings Per Share was calculated based on the number of shares in issue after Share Split and Bonus Issue completed in FY2010 for comparative purposes only.

(iv) Net Assets Per Share was calculated based on the number of shares in issue after Share Split and Bonus Issue completed in FY2010 for comparative purposes only.







KHAW KHOON TEE
Malaysian, aged 61,
Executive Chairman

He 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.

KHAW SEANG CHUAN (KELVIN)
Malaysian, aged 41
Group Managing Director

He 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 to 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.

KHAW CHOON HOONG (JASMINE)
Malaysian, aged 40
Executive Director

She was appointed to the Board 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 development and business expansion of the Group in overseas.

KHAW CHOON CHOON (JESSY)
Malaysian, aged 38
Executive Director

She was appointed to the Board as an Executive Director on 1 July 2010.

She completed her lower secondary education in 1983. She has more than 20 years of experience in the polymer industry, gaining her experience when she joined the Group in 1989 as Sales Coordinator. In 2003, she was promoted to Assistant Marketing Manager and later in 2008 to Logistic Manager.

MARY GERALDINE PHIPPS
Malaysian, aged 62
Independent Non-Executive Director

She was appointed to the Board on 26 October 2007. She is the Chairman of the Audit Committee and a member of Remuneration Committee and Nomination Committee of the Company.

She became a member of the Malaysian Institute of Certified Public Accountants in 1976 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. 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.

CHAN WAH CHONG
Malaysian, aged 46
Independent Non-Executive Director

He was appointed to the Board on 1 July 2009. He is the Chairman of the Remuneration Committee and a member of the Audit 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.

LEOW CHAN KHIANG
Malaysian, aged 45
Non-Independent Non-Executive Director

He was appointed to the Board on 26 October 2007. He is the Chairman of the Nomination Committee and a member of the Audit Committee of the Company.

He holds a Master Degree in Business Administration ("MBA") 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 is a fellow member of the Association of Chartered Certified Accountants, United Kingdom and a member of the Malaysian Institute of Accountants.

He worked in Hong Leong Finance Berhad (now known as Hong Leong Bank Berhad) in 1991 and left in 1996 to join Malaysian International Merchant Bankers Berhad ("MIMB"). In 2001, he left MIMB to work in a local logistic company as Senior Corporate Finance Manager for a short stint of one (1) year. In 2002, he joined CAB Cakaran Corporation Bhd, a company listed on the Main Market of Bursa Securities as Executive Director for approximately five (5) years until April 2007. With his past working experience in investment banking works including mergers and acquisitions, corporate restructuring, debt/equity financing and initial public offerings as well as in accounting and tax, he has then started his private business in corporate and financial consultancy services since 2007.

Notes:-

(i) Family Relationships and Substantial Shareholders

Save for Khaw Khoon Tee who is the father of Khaw Seang Chuan, Khaw Choon Hoong and Khaw Choon Choon, none of the Directors of the Company have any relationship with any Director 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.

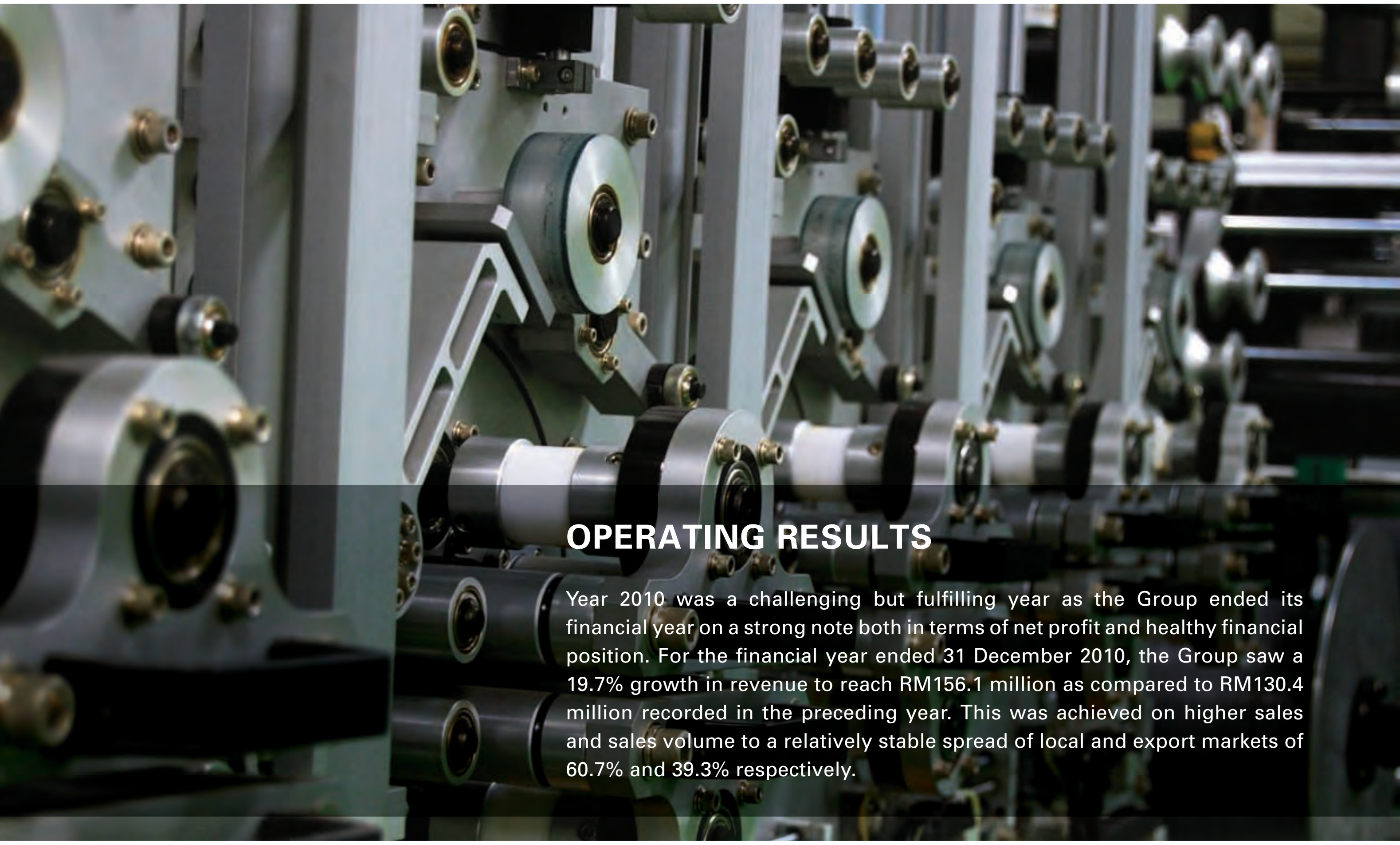
(v) Attendance at Board Meetings

Please refer to the Corporate Governance Statement in page 22.

DEAR SHAREHOLDERS,

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 co-founder and Executive Director, **the late Madam Ong Peik Joo**, who passed away on 2 June 2010. She is sadly missed by all who have known her especially those who had the privilege and opportunity to work with her in the Group. Her kindness and past contributions to the Group will be remembered forever.

On behalf of the Board of Directors of SLP, 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 2010.



OPERATING RESULTS

Year 2010 was a challenging but fulfilling year as the Group ended its financial year on a strong note both in terms of net profit and healthy financial position. For the financial year ended 31 December 2010, the Group saw a 19.7% growth in revenue to reach RM156.1 million as compared to RM130.4 million recorded in the preceding year. This was achieved on higher sales and sales volume to a relatively stable spread of local and export markets of 60.7% and 39.3% respectively.

In tandem with higher revenue, the Group registered a 32.3% growth in profit before tax to RM10.4 million against RM7.8 million recorded in the preceding year. Profit after taxation and minority interests attributable to ordinary equity holders of the parent surged 40.9% to RM9.3 million compared to RM6.6 million achieved in the preceding year, increasing our net earnings per share to 3.77 sen as compared to the preceding year's adjusted earnings per share of 2.67 sen (after adjusting the effect of Share Split involving the subdivision of every one existing ordinary shares of RM0.50 each into two ordinary shares of RM0.25 each and 1 for 6 Bonus Share issue after the Share Split completed in April 2010 for comparative purposes).

In line with higher profit, the Group's net assets per share rose to 30.6 sen as at 31 December 2010 from 29.3 sen as at 31 December 2009 (after adjusting for the effect of Share Split involving the subdivision of every one existing ordinary shares of RM0.50 each into two ordinary shares of RM0.25 each for comparative purposes).

The Group's financial position remains healthy with its gearing further reduced to a negligible level of 0.14 times as at 31 December 2010 as the Group continued to pay back its bank borrowings to the outstanding sum of RM10.6 million as at 31 December 2010 from RM15.9 million as at 31 December 2009.

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** or **4.0%** on the enlarged share capital

DIVIDENDS

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 or 4.0% on the enlarged share capital of 247,333,333 ordinary shares of RM0.25 each, amounting to a dividend payable of approximately RM2,473,333 in respect of the financial year 2010 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 1.0 sen or 4.0% on the 247,333,333 ordinary shares paid on 20 October 2010 would amount to a total dividend of RM4,946,667 which represents a dividend payout ratio of 49.3% of the net profit for the financial year 2010. In the preceding financial year, a total dividend paid was RM4,593,333 which represents a dividend payout ratio of 69.5%.

The Company currently does not have a fixed dividend policy but will continue to maintain an appropriate level of dividend payout ratio based on the performance of the Group so as to ensure satisfactory return on investment to shareholders while enabling the Group to retain sufficient funds for capital requirement, offering long term sustainable benefits to all shareholders.

CORPORATE DEVELOPMENT

CORPORATE PROPOSALS

During the financial year ended 31 December 2010, the Company completed the following corporate exercises:-

(i) 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; ("Share Split");

(ii) Bonus Issue involving the issuance of 35,333,333 new ordinary shares ("Bonus Shares"), on the basis of one (1) Bonus Share for every six (6) SLP Shares after the Share Split ("Bonus Issue"); and

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

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

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

Changes in lifestyle as a result of a combination of population and income growth as well as urbanisation have led to changes in consumer habits globally. Urbanisation and resultant hectic lifestyle have led to a need to buy and consume food which has a longer shelf life given the extended time lag between the time when the food is produced and the time when it is actually consumed. Therefore, more processed food is being purchased, usually in smaller portions which would require relatively more packaging.

With the rapid development of co-extrusion technology and plastic resins technology, flexible plastic packaging products are now very versatile with high strength-to-weight ratio which means far fewer materials are being used by the Group to produce the same size and same level of strength of flexible plastic packaging products. The Group's continuous efforts in down-gauging its products by using multi-layer co-extrusion technology to lower cost, reduce carbon footprints and improve packaging performance have resulted in lower cost-to-performance ratio. In addition, with our relentless focus and efforts on constant introduction of new products, automation in production processes for higher level of operating efficiency and expansion in production capacity, the Board is cautiously optimistic of achieving satisfactory sets of financial results in 2011.

The Group's continuous efforts in down-gauging its products by using multi-layer co-extrusion technology to **lower cost**, **reduce carbon footprints** and **improve packaging performance** have resulted in **lower cost-to-performance ratio**.

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 is also moving towards using recycleable materials to reduce the impact on global warming

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.

In recognising the welfare and contributions of the Group's employees, the late Madam Ong Peik Joo, through her family members, has set aside a portion of her past savings with a vision to cater for the welfare and educational needs, in the form of loans or financial assistance to employees or their families, working in the Group.

APPRECIATION

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 staff 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 Khaw Choon Choon who joined the Board as Non-Independent Executive Director on 1 July 2010.

On Behalf of the Board
SLP Resources Berhad

KHAW KHOON TEE
EXECUTIVE CHAIRMAN

NOTICE IS HEREBY GIVEN that the Sixth 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 Kedah on Friday, 17 June 2011 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 Report for the financial year ended 31 December 2010 (Resolution 1)

2. To declare a single–tier Final Dividend of 4% or 1 sen per ordinary share in respect of the financial year ended 31 December 2010 (Resolution 2)

3. To re–elect Ms Khaw Choon Choon 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) Mr Khaw Seang Chuan (Resolution 4)
   (b) Ms Khaw Choon Hoong (Resolution 5)

5. To approve the Directors' fees of RM110,000 for the financial year ending 31 December 2011. (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: –

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

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

PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

"THAT the proposed amendments to the Articles of Association of the Company ("Proposed Amendments") as set out below be and are hereby approved and adopted :–

Article 154 – Mode of payment of dividend

Any dividend, interest or other money payable in cash in respect of securities may be paid by cheque or warrant sent through the post directed to the registered address of the holder or paid via electronic transfer of remittance to such account as designed by such holder whose name appear in Record of Depositors. Every such cheque or warrant or electronic transfer shall be made payable to the order of the person to whom it is sent or to such person as the holder entitled to the share in consequence of the death or bankruptcy of the holder may direct and the payment of any such cheque or warrant or electronic transfer shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant or electronic transfer shall be sent at the risk of the person entitled to the money thereby represented.

AND THAT the Directors of the Company be and are hereby authorized to assent to any modifications, variations and/or amendments as may be considered necessary to give full effect to the proposed amendments to the Articles of Association of the Company." (Resolution 9)

9. 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
25 May 2011

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**

   Ordinary 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.

   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 Fifth AGM held on 18 June 2010 and which will lapse at the conclusion of the Sixth AGM.

   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 convening a general meeting of the Company to specifically approve such issue of shares. If there should be a decision to issue new shares after the General Mandate is obtained, the Company would make an announcement in respect of the purpose and utilization of the proceeds arising from such issue.

   Special Resolution 9

   The Proposed Amendments are to update the Articles of Association of the Company to be in line with the implementation of the Electronic Dividend ("e–Dividend") and will streamline the Company's Articles of Association with the provisions of the Act and the Main Market Listing Requirements of Bursa Securities.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

Directors standing for re–election	Director's Profile	Details of their securities in the Company
Khaw Seang Chuan	Page 6	Page 92
Khaw Choon Hoong	Page 6	Page 92
Khaw Choon Choon	Page 7	Page 92

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATE

NOTICE IS ALSO HEREBY GIVEN that a single–tier Final Dividend of 4% or 1 sen per ordinary share in respect of the financial year ended 31 December 2010, if approved by the shareholders at the Company's Sixth Annual General Meeting, will be paid on 18 July 2011 to shareholders whose names appear in the Record of Depositors at the close of business on 30 June 2011.

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 30 June 2011 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 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 the Code throughout the financial year ended 31 December 2010.

1. THE BOARD OF DIRECTORS

1.1 Composition and Attendance

The Board currently comprises seven (7) members, of which, four (4) are Non–Independent Executive Directors, 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 2010. The composition of the Board and the individual Director's attendance of meetings during the financial year ended 31 December 2010 are as follows:–

Name	**Attendance**
Executive Directors	
Khaw Khoon Tee	6/6
Khaw Seang Chuan	6/6
Khaw Choon Hoong	6/6
Khaw Choon Choon *(Appointed on 1 July 2010)*	2/2
Ong Peik Joo *(Demised on 2 June 2010)*	4/4
Non–Executive Directors	
Mary Geraldine Phipps	6/6
Leow Chan Khiang	6/6
Chan Wah Chong	6/6

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, internal audit plan and progress reports 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 sixth 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 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 of skills 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 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	Non-Independent Executive Director / 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. 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 2010 are as follows:–

	Salaries & Bonuses RM	Fees RM	Benefits–in–kind and other emoluments RM	Total RM
Executive Directors	938,000	30,000	106,370	1,074,370
Non–Executive Directors	–	80,000	–	80,000

4. DIRECTORS' REMUNERATION (CONT'D)

The number of Directors whose total remunerations derived from the Group during the financial year ended 31 December 2010 that fall within the following bands are as follows:

Range of remuneration RM	Number of Directors Executive	Non–Executive
50,000 and below	–	3
50,001 to 100,000	–	–
100,001 to 150,000	2	–
150,001 to 200,000	–	–
200,001 to 250,000	1	–
250,001 to 300,000	1	–
300,001 to 350,000	–	–
351,000 to 400,000	1	–

Note: Included past Director's fee

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 2010 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 2010, 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	Business Dialog on investment opportunity in Southern Thailand.	SLP	18.08.2010
	Global Treasury Investment Seminar	OCBC Bank	17.12.2010
Khaw Seang Chuan	MBB E–Banking	MBB	03.08.2010
	Global Treasury Investment Seminar	OCBC Bank	17.12.2010
Khaw Choon Hoong	Fire Prevention Awareness Program	SLP	15.03.2010
	MBB E–Banking	MBB	03.08.2010
	Global Treasury Investment Seminar	OCBC Bank	17.12.2010
Khaw Choon Choon	Fire Prevention Awareness Program	SLP	15.03.2010
	Mandatory Accreditation Program	Bursatara Sdn Bhd	04.08.2010 & 05.08.2010
Mary Geraldine Phipps	Malaysian Financial Reporting Standard 2009	KPMG	25.01.2010
	KPMG Tax Seminar 2010	KPMG	25.10.2010

5. DIRECTORS' TRAINING (CONT'D)

Directors	Training Programmes/ Seminars	Organisers	Date/ Duration
Leow Chan Khiang	Avenue of Fund Raising, Importance of Investor Relation and Derivatives	OSK Investment Bank Bhd	24.09.2010
	2011 Market Outlook	MIMIB Investment Bank Bhd	04.12.2010
Chan Wah Chong	Forum on implementation of FRS 139	Bursa Malaysia	06.01.2010
	Goods and Service Tax– Framework & implementation	MICPA	30.09.2010
	Risk Management	MICPA	19.10.2010
	National Tax Seminar 2010	INROU	28.10.2010
	18th World Congress of Accountants 2010	MIA	08.11.2010 to 11.11.2010

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 25 April 2011.

STATEMENT ABOUT THE STATE OF INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of 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 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 the experienced management 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 2010, 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 the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This statement is issued in accordance with a resolution of the Directors dated 25 April 2011.

The Audit Committee 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:–

(i) must be a member of the Malaysian Institute of Accountants ("MIA"); or
(ii) if he is not a member of MIA, he must have at least three (3) years's working experience and;
    (a) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    (b) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
(iii) must hold a degree / master / doctorate in accounts or finance and have at least three (3) years' post qualification experience in accounting or finance: or
(iv) must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

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 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.

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

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 Main Market 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 is 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; and
(b) review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit functions.

(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 Company and the Group 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 Company or the Group, 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 Company or the Group.

(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 2010, a total of five (5) Audit Committee meetings were held. The details of attendance of each member of the Committee were as follows:–

Name	Attendance
Mary Geraldine Phipps	5/5
Leow Chan Khiang	5/5
Chan Wah Chong	5/5

Summary of Audit Committee Activities

During the financial year ended 31 December 2010, 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 2010 and made recommendations to the Board for approval;
(ii) reviewed with external auditors, the draft Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2010;
(iii) reviewed the external auditors' scope of work and the audit planning memorandum for the financial year ended 31 December 2010;
(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 2010;
(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, their audit and Management letter together with Management's response to the findings of the external auditors for the financial year ended 31 December 2010.

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 2010 amounted to RM21,000.00.

This report is made in accordance with a resolution of the Board of Directors dated 25 April 2011.

OTHER INFORMATION

1. **Share Buybacks**

   The Company did not enter into any share buyback transactions during the financial year ended 31 December 2010.

2. **Options, Warrants or Convertible Securities**

   The Company did not issue any options, warrants or convertible securities during the financial year ended 31 December 2010.

3. **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 2010.

4. **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 2010.

5. **Non–Audit Fee**

   The amount of non–audit fee paid to the external auditors for the financial year ended 31 December 2010 was RM5,000.00.

6. **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 2010 and the unaudited results for the final quarter ended 31 December 2010 of the Group previously announced.

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

7. **Profit Guarantee**

   The Company did not give any profit guarantee during the financial year ended 31 December 2010.

8. **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 2010 or entered into since the end of the previous financial year.

9. **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 2010.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding.

The principal activities of its subsidiaries are stated in Note 4 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 for the year attributable to owners of the Company	9,310,852	2,165,082

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 1 sen per ordinary share totalling RM2,473,333 in respect of the year ended 31 December 2009 on 28 July 2010; and

ii) a first single-tier interim dividend of 1 sen per ordinary share totalling RM2,473,333 in respect of the year ended 31 December 2010 on 20 October 2010.

A single-tier final dividend of 1 sen per ordinary share totalling RM2,473,333 has been recommended by the Directors in respect of the year ended 31 December 2010, 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
Khaw Choon Hoong
Leow Chan Khiang
Mary Geraldine Phipps
Chan Wah Chong
Khaw Choon Choon (Appointed on 1.7.2010)
Ong Peik Joo (Demised on 2.6.2010)

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 RM0.25 each					
	At 1.1.2010/@*	**Share Split ****	**Bonus issue**	**Bought**	**(Sold)**	**At 31.12.2010**
Khaw Khoon Tee						
Interest in the Company :						
– own	13,358,498	13,358,498	4,453,125	–	–	31,170,121
– others #	985,000	985,000	328,333	–	–	2,298,333
Deemed interest in the Company :						
– own	42,400,000	42,400,000	14,133,333	–	–	98,933,333
Khaw Seang Chuan						
Interest in the Company :						
– own	4,188,276	4,188,276	1,396,092	–	–	9,772,644
– others #	76,000	76,000	25,333	–	–	177,333
Deemed interest in the Company :						
– own	42,400,000	42,400,000	14,133,333	–	–	98,933,333
Khaw Choon Hoong						
Interest in the Company :						
– own	470,000	470,000	156,686	–	–	1,096,686
Khaw Choon Choon						
Interest in the Company :						
– own	* 492,500	492,500	164,166	–	–	1,149,166
Leow Chan Khiang						
Interest in the Company :						
– own	50,000	50,000	16,666	–	–	116,666
Mary Geraldine Phipps						
Interest in the Company :						
– own	20,000	20,000	6,666	–	–	46,666

* At the date of appointment

@ Par value of the ordinary shares before the share split of RM0.50 each.

** The shareholders of the Company had approved the proposal for splitting the entire issued and paid-up share capital. The share split exercise was completed during the year.

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 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 2010 had any interest in the ordinary shares of the Company or 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 17 and 18 to 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

During the financial year, the Company :

(a) splitted its entire authorised share capital from every one (1) ordinary share of RM0.50 held into two (2) ordinary share of RM0.25 each (share split). Upon the completion of the share split, the number of authorised shares of the Company is splitted into 400,000,000 ordinary shares of RM0.25 each from 200,000,000 ordinary shares of RM0.50 each;

(b) splitted its entire issued and paid-up share capital from every one (1) ordinary shares of RM0.50 held into two (2) ordinary share of RM0.25 each (share split). Upon the completion of the share split the number of shares in issue of the Company is splitted into 212,000,000 ordinary shares of RM0.25 each from 106,000,000 ordinary shares of RM0.50 each; and

(c) issued bonus shares of 35,333,333 new ordinary share of RM0.25 each on the basis of one (1) new ordinary share for every six (6) existing ordinary shares in issue by capitalising the retained earnings and share premium of the Company.

There were no other changes in the authorised, issued and paid-up capital of the Company and no debentures were issued 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 statement of comprehensive income and statement of financial position 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) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D)

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 of the Company misleading, or

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

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, except for the effects arising from the change in accounting policies as disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2010 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.

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 : 25 April 2011

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 36 to 91 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 2010 and of their financial performance and cash flows for the year ended on that date.

In the opinion of the Directors, the information set out in Note 30 to the financial statements on page xx has been compiled in accordance with the Guidance on Special Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

KHAW KHOON TEE

KHAW SEANG CHUAN

Penang,
Date : 25 April 2011

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 36 to 91 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 25 April 2011

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of SLP Resources Berhad, which comprise the statement of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 91.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

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

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 30 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not part of the financial statements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
AF 0758
Chartered Accountants

Ng Swee Weng
1414/03/12 (J/PH)
Chartered Accountants

Date : 25 April 2011

Penang

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Note	2010 RM	2009 RM (Restated)
Assets			
Property, plant and equipment	3	**53,889,503**	54,330,663
Other investments	4	**219,958**	1,352,480
Intangible assets	5	**671,006**	999,632
Total non-current assets		**54,780,467**	56,682,775
Receivables, deposits and prepayments	6	**28,762,455**	25,142,013
Inventories	7	**20,942,454**	16,484,645
Current tax assets		**257,089**	238,400
Cash and cash equivalents	8	**7,245,623**	8,619,569
Total current assets		**57,207,621**	50,484,627
Total assets		**111,988,088**	107,167,402
Equity			
Share capital	9	**61,833,333**	53,000,000
Reserves	10	**13,890,273**	19,585,222
Total equity attributable to owners of the Company		**75,723,606**	72,585,222
Liabilities			
Deferred tax liabilities	11	**6,378,000**	6,350,000
Loans and borrowings	12	**2,753,402**	5,922,489
Total non-current liabilities		**9,131,402**	12,272,489
Payables and accruals	13	**18,892,908**	12,036,534
Loans and borrowings	12	**7,987,847**	9,977,990
Current tax liabilities		**252,325**	295,167
Total current liabilities		**27,133,080**	22,309,691
Total liabilities		**36,264,482**	34,582,180
Total equity and liabilities		**111,988,088**	107,167,402

The notes on pages 52 to 91 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 RM	2009 RM
Continuing operations			
Revenue	14	**156,092,095**	130,445,774
Changes in work-in-progress and manufactured inventories		**360,385**	(972,364)
Raw materials and consumables used		**(124,414,498)**	(100,223,196)
Employee benefits expenses	15	**(6,204,198)**	(5,772,615)
Depreciation and amortisation	3, 5	**(6,299,754)**	(6,217,288)
Other operating expenses		**(9,799,992)**	(9,718,494)
Other operating income		**938,840**	833,100
Results from operating activities		**10,672,878**	8,374,917
Finance costs	16	**(289,380)**	(552,180)
Profit before tax	17	**10,383,498**	7,822,737
Income tax expense	19	**(1,072,646)**	(1,218,655)
Profit for the year		**9,310,852**	6,604,082
Other comprehensive income for the year, net of tax - fair value of available-for-sale financial assets		**9,600**	–
Total comprehensive income for the year attributable to owners of the Company		**9,320,452**	6,604,082
Basic earnings per ordinary share (sen)	21	**3.77**	2.67

The notes on pages 52 to 91 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

		Attributable to owners of the Company						
		Non-distributable					Distributable	
	Note	Share capital RM	Share premium RM	Reverse acquisition reserve RM	Revaluation reserve RM	Fair value reserve RM	Retained earnings RM	Total equity RM
At 1 January 2009		53,000,000	7,483,229	(26,639,691)	6,706,812	–	29,670,790	70,221,140
Total comprehensive income for the year		–	–	–	–	–	6,604,082	6,604,082
Dividends paid	20	–	–	–	–	–	(4,240,000)	(4,240,000)
At 31 December 2009/ 1 January 2010		53,000,000	7,483,229	(26,639,691)	6,706,812	–	32,034,872	72,585,222
Effect of adopting FRS 139	28	–	–	–	–	–	(1,235,402)	(1,235,402)
At 1 January 2010, restated		53,000,000	7,483,229	(26,639,691)	6,706,812	–	30,799,470	71,349,820
Total comprehensive income for the year		–	–	–	–	9,600	9,310,852	9,320,452
Bonus issue (1 for 6)		8,833,333	(7,483,229)	–	–	–	(1,350,104)	–
Dividends paid	20	–	–	–	–	–	(4,946,666)	(4,946,666)
At 31 December 2010		**61,833,333**	**–**	**(26,639,691)**	**6,706,812**	**9,600**	**33,813,552**	**75,723,606**

The notes on pages 52 to 91 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 RM	2009 RM
Cash flows from operating activities			
Profit before tax from continuing operations		**10,383,498**	7,822,737
Adjustments for :			
Gain on disposal of plant and equipment		**(26,997)**	–
Plant and equipment written off		**2,142**	–
Depreciation of property, plant and equipment	3	**5,971,128**	6,217,288
Amortisation of intangible assets	5	**328,626**	–
Interest expense	16	**289,380**	552,180
Interest income		**(68,629)**	(180,726)
Gain on disposal of other investment		**–**	(40,501)
Loss on disposal of plant and equipment		**–**	1,316
Impairment loss on unquoted shares		**7,520**	–
Operating profit before changes in working capital		**16,886,668**	14,372,294
Changes in working capital :			
Receivables, deposits and prepayments		**(3,620,442)**	7,425,133
Inventories		**(4,457,809)**	2,584,321
Payables and accruals		**6,856,374**	4,259,674
Cash generated from operations		**15,664,791**	28,641,422
Income tax paid		**(1,106,177)**	(662,861)
Net cash from operating activities		**14,558,614**	27,978,561
Cash flows from investing activities			
Proceeds from disposal of :			
- plant and equipment		**27,000**	220
- other investment		**–**	115,501
Interest received		**68,629**	180,726
Acquisition of :			
- property, plant and equipment	A	**(5,532,113)**	(3,437,223)
- other investment		**(100,800)**	(1,352,480)
Additions of intangible assets	5	**–**	(159,091)
Net cash used in investing activities		**(5,537,284)**	(4,652,347)

	Note	2010 RM	2009 RM
Cash flows from financing activities			
Interest paid		**(289,380)**	(552,180)
Repayment of :			
- finance lease liabilities		**(169,298)**	(219,919)
- term loans		**(4,632,235)**	(7,146,435)
- other bank borrowings, net		**(1,837,536)**	(16,601,555)
Dividends paid to owners of the Company	20	**(4,946,666)**	(4,240,000)
Net cash used in financing activities		**(11,875,115)**	(28,760,089)
Net decrease in cash and cash equivalents		**(2,853,785)**	(5,433,875)
Cash and cash equivalents at 1 January		**8,619,569**	14,053,444
Cash and cash equivalents at 31 December	B	**5,765,784**	8,619,569

Note

A. Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM5,532,113 (2009 : RM3,737,223) of which RM Nil (2009 : RM 300,000) was acquired by means of finance lease.

B. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts :

	Note	2010 RM	2009 RM
Short term deposits with licensed banks	8	**3,300,000**	1,700,000
Cash and bank balances	8	**3,945,623**	6,919,569
Bank overdraft	12	**(1,479,839)**	–
		5,765,784	8,619,569

The notes on pages 52 to 91 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Note	2010 RM	2009 RM
Assets			
Investment in subsidiaries	4	**39,985,373**	39,985,373
Total non-current assets		**39,985,373**	39,985,373
Receivables, deposits and prepayments	6	**21,882,961**	24,630,369
Current tax assets		**38,663**	28,663
Cash and cash equivalents	8	**15,401**	53,577
Total current assets		**21,937,025**	24,712,609
Total assets		**61,922,398**	64,697,982
Equity			
Share capital	9	**61,833,333**	53,000,000
Reserves	10	**42,665**	11,657,582
Total equity attributable to the owners of the Company		**61,875,998**	64,657,582
Liabilities			
Payables and accruals	13	**46,400**	40,400
Total current liabilities		**46,400**	40,400
Total equity and liabilities		**61,922,398**	64,697,982

The notes on pages 52 to 91 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 RM	2009 RM
Continuing operations			
Revenue	14	**2,500,000**	8,350,000
Other operating expenses		**(334,918)**	(216,529)
Other operating income		**–**	26,019
Profit before tax	17	**2,165,082**	8,159,490
Income tax expense	19	**–**	(2,048,045)
Profit for the year attributable to the owners of the Company		**2,165,082**	6,111,445

The notes on pages 52 to 91 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Share capital RM	Share premium RM	Retained earnings RM	Total equity RM
At 1 January 2009		53,000,000	7,483,229	2,302,908	62,786,137
Total comprehensive income for the year		–	–	6,111,445	6,111,445
Dividends paid	20	–	–	(4,240,000)	(4,240,000)
At 31 December 2009/1 January 2010		53,000,000	7,483,229	4,174,353	64,657,582
Total comprehensive income for the year		–	–	2,165,082	2,165,082
Bonus issue (1 for 6)	9	8,833,333	(7,483,229)	(1,350,104)	–
Dividends paid	20	–	–	(4,946,666)	(4,946,666)
At 31 December 2010		**61,833,333**	**–**	**42,665**	**61,875,998**

The notes on pages 52 to 91 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 RM	2009 RM
Cash flows from operating activities			
Profit before tax from continuing operations		**2,165,082**	8,159,490
Adjustments for :			
Interest income		–	(26,019)
Dividend income		**(2,500,000)**	(8,350,000)
Operating loss before changes in working capital		**(334,918)**	(216,529)
Changes in working capital :			
Receivables, deposits and prepayments		**2,747,408**	(2,444,950)
Payables and accruals		**6,000**	2,263
Cash from/(used in) operating activities		**2,418,490**	(2,659,216)
Dividends received		**2,500,000**	4,387,500
Tax paid		**(10,000)**	(24,002)
Net cash from operating activities		**4,908,490**	1,704,282
Cash flow from investing activity			
Interest received		–	26,019
Net cash from investing activity		–	26,019
Cash flows from financing activities			
Dividends paid	20	**(4,946,666)**	(4,240,000)
Net cash used in financing activities		**(4,946,666)**	(4,240,000)
Net decrease in cash and cash equivalents		**(38,176)**	(2,509,699)
Cash and cash equivalents at 1 January		**53,577**	2,563,276
Cash and cash equivalents at 31 December	8	**15,401**	53,577

The notes on pages 52 to 91 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 2010 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are stated in Note 4 to the financial statements.

The financial statements were authorised for issue by the Board of Directors on 25 April 2011.

1. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS), generally accepted accounting principles 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 :

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 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

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

FRSs, Interpretations and 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
  - Addition Exemption for First-time Adopters
- Amendments to FRS 2, Group Cash-settled Share Based Payment Transactions *
- Amendments to FRS 7, Financial Instruments : Disclosures - Improving Disclosures about Financial Instruments
- IC Interpretation 4, Determining whether on arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers *
- Improvements to FRSs (2010)

FRSs, Interpretation and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement #

FRSs, Interpretation and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, Related Party Disclosures (revised)
- IC Interpretation 15, Agreements for the Construction of Real Estate #

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

- 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 those marked " * " which are not applicable to the Group and the Company; and

- from the annual period beginning 1 January 2012 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2011 and 1 January 2012, except for those marked " # " 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 or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The initial application of the remaining standards, improvements and amendments is not expected to have any significant impact on the Group and of the Company's financial statements.

Following the announcement by the MASB on 1 August 2008, the Group's and the Company's financial statements will be prepared in accordance with International Financial Reporting Standards (IFRS) framework for annual periods beginning on 1 January 2012. The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group and of the Company.

(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.

1. BASIS OF PREPARATION (CONT'D)

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs 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 other than those disclosed in the following notes:

- Note 2(c) – Financial instruments
- Note 2(s) – Operating segments

(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 measured in the Company's statement of financial position at cost less any impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(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 transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value 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 profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a cash flow hedge of currency risk, which are recognised in other comprehensive income.

(c) Financial instruments

Arising from the adoption of FRS 139, Financial Instruments: Recognition and Measurement, with effect from 1 January 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied. Significant changes to the accounting policies are discussed in note 28.

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see note 2(j)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

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

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

(iv) Regular way purchase or sale of financial assets

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

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

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 recognised in profit or loss.

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. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. 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 knowledgeable willing parties 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 available and replacement cost when appropriate.

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.

The gains or 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 profit or loss. 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 to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss 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 :

• Leasehold land	2% - 3%
• 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 reviewed, and adjusted as appropriate by the end of the reporting period.

(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. On 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leased assets (cont'd)

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statement of financial position of the Group. 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.

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

The Group has adopted the amendment made to FRS 117, Leases in 2010 in relation to the classification of lease of land. Leasehold land which in substance is a finance lease has been reclassified and measured as such retrospectively.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(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 is recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible assets (cont'd)

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured 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, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but 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 is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful life for capitalised development costs is 3 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in 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.

(h) Receivables

Prior to 1 January 2010, receivables were initially recognised at their costs and subsequently measured at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with note 2(c).

(i) Cash and cash equivalents

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

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy note 2(c).

(j) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries, associates and joint ventures) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

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

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (cont'd)

(i) Financial assets (cont'd)

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of others assets (except for inventories, assets arising from construction contract, deferred tax asset, assets arising from employee benefits, investment property that is measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. 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.

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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. 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 the end of each reporting period 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 since the last impairment loss was recognised. 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 profit or loss in the year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Issue expenses

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

(l) 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 liability 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 Employees' Provident Funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(m) 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. The unwinding of the discount is recognised as finance cost.

(n) 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.

(o) Revenue and other income

(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 in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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 cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Income tax (cont'd)

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

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(r) Earnings per ordinary 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.

(s) Operating segments

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

Following the adoption of FRS 8, Operating Segments, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. PROPERTY, PLANT AND EQUIPMENT - GROUP

	At valuation		At cost						
	Factory buildings RM	Leasehold land RM	Factory building RM	Renovation RM	Plant, machinery and factory equipment RM	Office furniture and equipment RM	Motor vehicles RM	Under construction RM	Total RM
Valuation/Cost									
At 1 January 2009, restated	15,000,000	8,148,303	3,710,061	48,000	62,349,934	1,076,814	2,021,532	–	92,354,644
Additions	–	652,524	–	–	1,488,440	25,823	665,948	904,488	3,737,223
Disposals	–	–	–	–	(3,200)	–	–	–	(3,200)
At 31 December 2009/ 1 January 2010, restated	15,000,000	8,800,827	3,710,061	48,000	63,835,174	1,102,637	2,687,480	904,488	96,088,667
Additions	–	–	–	–	4,949,161	59,992	522,960	–	5,532,113
Disposals	–	–	–	–	(72,080)	–	(312,759)	–	(384,839)
Written off	–	–	–	–	–	(5,100)	–	–	(5,100)
Reclassification	–	–	–	–	904,488	–	–	(904,488)	–
At 31 December 2010	**15,000,000**	**8,800,827**	**3,710,061**	**48,000**	**69,616,743**	**1,157,529**	**2,897,681**	**–**	**101,230,841**
Accumulated depreciation									
At 1 January 2009, restated	666,666	328,326	62,180	4,800	32,023,114	685,164	1,772,130	–	35,542,380
Depreciation for the year	333,333	195,243	82,907	960	5,308,474	185,290	111,081	–	6,217,288
Disposals	–	–	–	–	(1,664)	–	–	–	(1,664)
At 31 December 2009/ 1 January 2010, restated	999,999	523,569	145,087	5,760	37,329,924	870,454	1,883,211	–	41,758,004
Depreciation for the year	333,333	200,594	82,907	960	4,943,122	152,768	257,444	–	5,971,128
Disposals	–	–	–	–	(72,080)	–	(312,756)	–	(384,836)
Written off	–	–	–	–	–	(2,958)	–	–	(2,958)
At 31 December 2010	**1,333,332**	**724,163**	**227,994**	**6,720**	**42,200,966**	**1,020,264**	**1,827,899**	**–**	**47,341,338**
Carrying amounts									
At 1 January 2009, restated	14,333,334	7,819,977	3,647,881	43,200	30,326,820	391,650	249,402	–	56,812,264
At 31 December 2009/ 1 January 2010, restated	14,000,001	8,277,258	3,564,974	42,240	26,505,250	232,183	804,269	904,488	54,330,663
At 31 December 2010	**13,666,668**	**8,076,664**	**3,482,067**	**41,280**	**27,415,777**	**137,265**	**1,069,782**	**–**	**53,889,503**

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

3.1 Property, plant and equipment under the revaluation model

The Group's leasehold land 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 RM2,603,680 (2009 : RM2,677,492) and RM7,896,347 (2009 : RM8,218,176) respectively.

3.2 Security

Leasehold land, buildings and certain machineries amounting to RM34,918,016 (2009 : RM36,952,407) are charged to banks as security for loans and borrowings granted to the subsidiaries of the Company (see Note 12).

3.3 Assets under finance lease

Included in the carrying amount of plant and machinery and motor vehicles of the Group are those acquired under finance lease instalment plans amounting to RM483,557 (2009 : RM897,126).

3.4 Leasehold land

Following the adoption of the amendments to FRS 117, Lease, where leasehold land, in substance is a finance lease, has been reclassified from prepaid lease payments to property, plant and equipment.

4. INVESTMENTS

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Non-current				
Subsidiaries :				
Unquoted shares, at cost	**–**	–	**39,985,373**	39,985,373

Details of the subsidiaries are as follows :

Name of subsidiaries	Effective equity held		Principal activities
	2010	**2009**	
	%	**%**	
Sinliplas Holding Sdn. Bhd. ("SHSB")	**100**	100	Manufacture and sale of plastic packaging and its related products
Sinliplas Sdn. Bhd. ("SSB")	**100**	100	Manufacture and sale of plastic packaging products and plastic related goods and trading of polymer products such as resin

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

4. INVESTMENTS (CONT'D)

	Group Total RM
Non-current	
Other investments:	
2010	
Available-for-sale financial assets	
Quoted shares in Malaysia	110,400
Unquoted shares outside Malaysia	* 109,558
	219,958
Representing items :	
At fair value	219,958
Market value of quoted shares	110,000
2009	
Unquoted shares outside Malaysia	1,352,480
Representing items :	
At cost	1,352,480

* The opening balance of unquoted shares as at 1 January 2010 has been restated to fair value as shown in the Note 28 to the financial statements.

The comparative figures as at 31 December 2009 have not been presented based on the new categorisation of financial assets resulting from the adoption of FRS 139 by virtue of the exemption given in FRS 7.44AA.

5. INTANGIBLE ASSETS - GROUP

	Goodwill RM	Development costs RM	Total RM
Cost			
At 1 January 2009	11,330	829,211	840,541
Additions	–	159,091	159,091
At 31 December 2009/31 December 2010	**11,330**	**988,302**	**999,632**
Amortisation and impairment loss			
At 1 January 2009/31 December 2009/1 January 2010	–	–	–
Amortisation for the year	–	328,626	328,626
At 31 December 2010	–	328,626	328,626
Carrying amount			
At 1 January 2009	11,330	829,211	840,541
At 31 December 2009/1 January 2010	11,330	988,302	999,632
At 31 December 2010	**11,330**	**659,676**	**671,006**

5. INTANGIBLE ASSETS - GROUP (CONT'D)

5.1 Goodwill

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

5.2 Intangible assets

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

6. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2010	2009	2010	2009
		RM	RM	RM	RM
Trade					
Trade receivables		**29,059,756**	25,122,406	**–**	–
Less : Allowance for doubtful debts		**(722,205)**	(722,205)	**–**	–
		28,337,551	24,400,201	**–**	–
Non-trade					
Amount due from subsidiaries	6.1	–	–	21,879,961	20,502,369
Other receivables		151,425	188,251	–	–
Deposits		44,305	69,705	3,000	3,000
Prepayments		229,174	483,856	–	–
Dividend receivable		–	–	–	4,125,000
		424,904	741,812	21,882,961	24,630,369
		28,762,455	25,142,013	21,882,961	24,630,369

6.1 Amount due from subsidiaries

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

7. INVENTORIES - GROUP

	2010	2009
	RM	RM
At cost		
Raw materials	**12,710,352**	8,612,928
Work-in-progress	**3,806,295**	950,889
Manufactured inventories	**4,425,807**	6,920,828
	20,942,454	16,484,645

8. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2010	2009	2010	2009
		RM	RM	RM	RM
Short term deposits with licensed banks		**3,300,000**	1,700,000	**–**	–
Cash and bank balances		**3,945,623**	6,919,569	**15,401**	53,577
		7,245,623	8,619,569	**15,401**	53,577

9. SHARE CAPITAL - GROUP AND COMPANY

	Amount RM	Par value RM	Number of share
Ordinary shares			
Authorised :			
Balance at 1 January 2009/31 December 2009	100,000,000	0.50	200,000,000
Share split	–	–	200,000,000
Balance at 31 December 2010	100,000,000	0.25	400,000,000
Issued and fully paid :			
Balance at 1 January 2009/31 December 2009	53,000,000	0.50	106,000,000
Share split	–	–	106,000,000
Bonus issue (1 for 6)	8,833,333	0.25	35,333,333
Balance at 31 December 2010	61,833,333	0.25	247,333,333

During the financial year, the Company :

(a) splitted its entire authorised share capital from every one (1) ordinary share of RM0.50 held into two (2) ordinary shares of RM0.25 each (share split). Upon the completion of the share split, the number of authorised shares of the Company is splitted into 400,000,000 ordinary shares of RM0.25 each from 200,000,000 ordinary shares of RM0.50 each;

(b) splitted its entire issued and paid-up share capital from every one (1) ordinary share of RM0.50 held into two (2) ordinary shares of RM0.25 each (share split). Upon the completion of the share split the number of shares in issue of the Company is splitted into 212,000,000 ordinary shares of RM0.25 each from 106,000,000 ordinary shares of RM0.50 each; and

(c) issue bonus shares of 35,333,333 new ordinary shares of RM0.25 each on the basis of one (1) new ordinary share for every six (6) existing ordinary shares in issue by capitalising the retained earnings and share premium of the Company

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.

10. RESERVES

		Group		Company	
	Note	2010	2009	2010	2009
		RM	RM	RM	RM
Non-distributable					
Reverse acquisition reserve	10.1	**(26,639,691)**	(26,639,691)	**–**	–
Revaluation reserve	10.2	**6,706,812**	6,706,812	**–**	–
Share premium	10.3	**–**	7,483,229	**–**	7,483,229
Fair value reserve	10.4	**9,600**	–	**–**	–
Distributable					
Retained earnings		**33,813,552**	32,034,872	**42,665**	4,174,353
		13,890,273	19,585,222	**42,665**	11,657,582

10.1 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.

10.2 Revaluation reserve

Revaluation reserve arose from the revaluation of the Group's leasehold land and buildings.

10.3 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.

10.4 Fair value reserve

The fair value reserve relates to the fair valuation of financial assets categorised as available-for-sale.

11. DEFERRED TAX LIABILITIES - GROUP

Recognised deferred tax liabilities

	2010 RM	2009 RM
Property, plant and equipment		
- Capital allowances	**4,242,000**	4,174,000
- Revaluation	**2,136,000**	2,176,000
	6,378,000	6,350,000

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

	At 1 January 2009 RM	Recognised in profit or loss (Note 19) RM	At 31 December 2009 RM	Recognised in profit or loss (Note 19) RM	At 31 December 2010 RM
Property, plant and equipment					
- Capital allowances	3,838,000	336,000	4,174,000	68,000	**4,242,000**
- Revaluation	2,216,000	(40,000)	2,176,000	(40,000)	**2,136,000**
	6,054,000	296,000	6,350,000	28,000	**6,378,000**

12. LOANS AND BORROWINGS - GROUP

	2010 RM	2009 RM
Current :		
Unsecured :		
Bank overdraft	**1,479,839**	–
Secured :		
Term loans	**3,170,397**	4,733,553
Bankers' acceptances	**–**	1,763,000
Onshore foreign currency loan	**3,237,603**	3,312,139
Finance lease liabilities	**100,008**	169,298
	7,987,847	9,977,990
Non-current :		
Secured :		
Term loans	**2,647,968**	5,717,047
Finance lease liabilities	**105,434**	205,442
	2,753,402	5,922,489

12. LOANS AND BORROWINGS - GROUP (CONT'D)

12.1 Securities

The secured loans and borrowings are secured against the following :

i) legal charges over the Group's leasehold land 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.

12.2 Finance lease liabilities

Finance lease liabilities are payable as follows :

	2010			2009		
	Future minimum lease payments RM	Interest RM	Present value of minimum lease payment RM	Future minimum lease payments RM	Interest RM	Present value of minimum lease payment RM
Within 1 year	**108,408**	**8,400**	**100,008**	189,581	20,283	169,298
Between 1 and 5 years	**108,385**	**2,951**	**105,434**	216,792	11,350	205,442
	216,793	**11,351**	**205,442**	406,373	31,633	374,740

13. PAYABLES AND ACCRUALS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade				
Trade payables	**12,849,995**	8,533,836	**–**	–
Non-trade				
Other payables	**4,903,497**	2,315,708	**–**	–
Accrued expenses	**1,139,416**	1,186,990	**46,400**	40,400
	6,042,913	3,502,698	**46,400**	40,400
	18,892,908	12,036,534	**46,400**	40,400

14. REVENUE

Group

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

Company

Revenue represents dividend income received from its subsidiaries.

15. EMPLOYEE BENEFITS EXPENSES

Employee benefits expenses include contributions to the Employees' Provident Fund of RM326,375 (2009 : RM333,779).

Included in employee benefits expenses of the Group also is executive Directors' remuneration as disclosed in Note 18.

16. FINANCE COSTS - GROUP

	2010 RM	2009 RM
Interest paid and payable :		
Bank overdraft	**1,480**	5,339
Finance lease liabilities	**14,834**	27,710
Term loans	**175,796**	344,349
Bankers' acceptances	**6,110**	154,117
Export credit refinancing	**25,883**	1,396
Onshore foreign currency loan	**65,277**	19,269
	289,380	552,180

17. PROFIT BEFORE TAX

Profit before tax has been arrived at :

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
After charging :				
Auditors' remuneration				
- statutory audit by KPMG	**47,000**	42,000	**14,000**	12,000
- other services				
- KPMG	**5,000**	–	**5,000**	–
- Affiliate of KPMG	**11,000**	11,500	**2,000**	4,000
Directors' emoluments				
- Directors of the Company				
- fees	**110,000**	64,000	**110,000**	64,000
- remuneration	**943,386**	1,083,565	**–**	–
- Other Directors' remuneration	**330,661**	217,220	**–**	–
- Past Director's emoluments	**100,985**	24,000	**–**	24,000
Bad debts written off	**11,138**	3,309	**–**	–
Rental of premises	**3,300**	3,600	**–**	–
Research and development expenses	**34,253**	33,860	**–**	–
Loss on disposal of plant and equipment	**–**	1,316	**–**	–
Plant and equipment written off	**2,142**	–	**–**	–
Loss on foreign exchange				
- realised	**383,335**	1,713,737	**–**	–
Impairment loss on unquoted shares	**7,520**	–	**–**	–

17. PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
and crediting :				
Dividends from :				
- subsidiaries	**–**	–	**2,500,000**	8,350,000
Gain on foreign exchange				
- unrealised	**532,708**	893,852	**–**	–
Interest income	**68,629**	180,726	**–**	26,019
Gain on disposal of plant and equipment	**26,997**	–	**–**	–
Gain on disposal of other investment	**–**	40,501	**–**	–

18. 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	
	2010	2009	2010	2009
	RM	RM	RM	RM
Directors' fee	**110,000**	88,000	**110,000**	88,000
Directors' remuneration	**1,375,032**	1,300,785	**–**	–
Total short-term employee benefits	**1,485,032**	1,388,785	**110,000**	88,000

19. INCOME TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Tax expense on continuing operations	**1,072,646**	1,218,655	**–**	2,048,045

19. INCOME TAX EXPENSE (CONT'D)

Major components of tax expense include :

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Current tax expense				
- Current year	**1,031,000**	937,500	**–**	2,068,000
- Prior year	**13,646**	(14,845)	**–**	(19,955)
	1,044,646	922,655	**–**	2,048,045
Deferred tax expense				
- Origination and reversal of temporary differences	**219,000**	(13,000)	**–**	–
- Prior year	**(191,000)**	309,000	**–**	–
	28,000	296,000	**–**	–
	1,072,646	1,218,655	**–**	2,048,045

Reconciliation of effective tax expense

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Profit for the year	**9,318,372**	6,604,082	**2,165,082**	6,111,445
Total tax expense	**1,072,646**	1,218,655	**–**	2,048,045
Profit excluding tax	**10,391,018**	7,822,737	**2,165,082**	8,159,490
Income tax calculated using Malaysian tax rate of 25%	**2,597,755**	1,955,684	**541,271**	2,039,873
Non-deductible expenses	**415,040**	175,837	**83,729**	28,127
Tax incentives	**(1,682,722)**	(913,427)	**–**	–
Non-taxable income	**(27,937)**	(252,706)	**(625,000)**	–
Reversal of deferred tax on revaluation of properties	**(40,000)**	(40,000)	**–**	–
Other items	**(12,136)**	(888)	**–**	–
(Over)/Under provision in prior years	**(177,354)**	294,155	**–**	(19,955)
Income tax expense	**1,072,646**	1,218,655	**–**	2,048,045

20. DIVIDENDS

Dividends recognised by the Company are :

	2010 RM	2009 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 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 first interim final dividend of 2 sen per ordinary share paid on 8 October 2009	–	2,120,000
Based on the share capital of 247,333,333 ordinary shares of RM0.25 each :		
Single-tier final dividend of 1 sen per ordinary share paid on 28 July 2010	**2,473,333**	–
In respect of the financial year ended 31 December 2010		
Single-tier interim dividend of 1 sen per ordinary share paid on 20 October 2010	**2,473,333**	–
	4,946,666	4,240,000
Dividends per ordinary share (sen)	**2.00**	3.00

After the end of the reporting date, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial report upon approval by the shareholders.

	Sen	Total amount RM
Based on the share capital of 247,333,333 ordinary shares of RM0.25 each :		
Single-tier final 2010 ordinary share	1	2,473,333

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

21. BASIC EARNINGS PER ORDINARY SHARE - GROUP

The calculation of basic earnings per ordinary share is based on the profit attributable to the owners of the Company of RM9,318,372 (2009 : RM6,604,082) and on the weighted average number of ordinary shares outstanding during the financial year of 247,333,333 (2009 : 247,333,333), and calculated as follows:

	2010 '000	2009 '000
Issued ordinary shares at beginning of year	**106,000**	106,000
Share Split	**106,000**	106,000
Bonus Issue	**35,333**	35,333
	247,333	247,333

The corporate exercises for share split and bonus issue were effected on 26 April 2010. The number of ordinary shares outstanding for financial year ended 31 December 2009 was adjusted for the effect.

22. OPERATING SEGMENTS - GROUP

Operating segments are presented in respect of the Group's business and geographical segments. The business segment is based on the Group's management and internal reporting structure.

Business segments

The Group reportable segment mainly comprises the manufacturing and sale of plastic packaging and its related products and trading of polymer products.

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 geographical location of customers. Segment assets are based on the geographical location of the assets. The amount of non-current assets do not include financial instruments and deferred tax assets.

Geographical information	Revenue RM'000	Non-current assets RM'000 (Restated)
2010		
Malaysia	**98,483**	**54,561**
Japan	**40,832**	**–**
European countries	**7,440**	**–**
Australia	**3,862**	**–**
Other countries	**5,475**	**–**
	156,092	**54,561**
2009		
Malaysia	76,918	55,330
Japan	36,600	–
European countries	9,263	–
Australia	3,040	–
Other countries	4,625	–
	130,446	55,330

Major customers

The Group does not have any major customers with revenue equal or more than 10% of the Group's total revenue for 2010 and 2009.

23. 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.

The significant related party transactions of the Company, other than key management personnel compensation as disclosed in Note 18 to the financial statements are as follows :

	Company	
	2010	**2009**
	RM	**RM**
Subsidiaries		
Dividends received/receivable	**2,500,000**	8,350,000

24. 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 RM104.3 million (2009 : RM99.2 million) of which RM11.0 million (2009 : RM15.5 million) was utilised at the end of the reporting 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 (2009 : RM9.0 million) of which RM7.8 million (2009 : RM2.99 million) was utilised as at the end of the reporting date.

25. CAPITAL COMMITMENT - GROUP

	2010	**2009**
	RM'000	**RM'000**
Plant and equipment		
Contracted but not provided for	–	183

26. FINANCIAL INSTRUMENTS

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

26.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables (L&R);
(b) Available-for-sale financial assets (AFS); and
(c) Other financial liabilities measured at amortised cost (OL).

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 Categories of financial instruments (cont'd)

2010	Carrying amount RM	L&R RM	AFS RM
Financial assets			
Group			
Other investments	219,958	–	219,958
Trade and other receivables	28,488,976	28,488,976	–
Cash and cash equivalents	7,245,623	7,245,623	–
	35,954,557	35,734,599	219,958
Company			
Trade and other receivables	21,879,961	21,879,961	–
Cash and cash equivalents	15,401	15,401	–
	21,895,362	21,895,362	–

2010	Carrying amount RM	OL RM
Financial liabilities		
Group		
Loans and borrowings	10,741,249	10,741,249
Trade and other payables	17,753,492	17,753,492
	28,494,741	28,494,741

26.2 Net gains and losses arising from financial instruments

	Group 2010 RM
Available-for-sale financial assets	
- recognised in other comprehensive income	9,600
- recognised in profit or loss	(7,520)
	2,080

26.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Exposure to credit risk arises mainly from sales made on credit terms and is monitored on an ongoing basis. 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.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Receivable amounting to RM887,279 (2009 : RM327,104) of the Group is secured by financial guarantees given by banks of the customers.

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

	Group	
	2010	**2009**
	RM	**RM**
Domestic	**18,616,968**	16,157,254
Japan	**6,796,289**	6,127,077
Australia	**1,853,323**	677,596
European countries	**649,809**	942,164
Others	**421,162**	496,110
	28,337,551	24,400,201

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit risk (cont'd)

Impairment losses

The ageing of trade receivable as at the end of the reporting period was :

Group	Gross RM	Individual impairment RM	Net RM
2010			
Not past due	**15,362,437**	**–**	**15,362,437**
Past due 1 - 30 days	**8,775,864**	**–**	**8,775,864**
Past due 31 - 120 days	**4,065,986**	**–**	**4,065,986**
Past due more than 120 days	**855,469**	**(722,205)**	**133,264**
	29,059,756	**(722,205)**	**28,337,551**
2009			
Not past due	13,397,324	–	13,397,324
Past due 1 - 30 days	6,391,278	–	6,391,278
Past due 31 - 120 days	4,136,155	–	4,136,155
Past due more than 120 days	1,197,649	(722,205)	475,444
	25,122,406	(722,205)	24,400,201

The movements in the allowance for impairment losses of trade receivables during the year were :

	Group 2010 RM
At 1 January/31 December	**722,205**

At 31 December 2010, a significant individual impairment loss of RM722,205 relates to a customer that is under legal suit and allowance for doubtful debts has been provided for since prior years.

Although some of the receivables are secured by third party financial guarantees, it is impracticable to estimate the fair values of the guarantees obtained.

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit risk (cont'd)

Exposure to credit risk, credit quality and collateral

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

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

The investments and other financial assets are unsecured.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM11.0 million (2009: RM15.5 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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

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

Inter company balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances are only provided to subsidiaries which are wholly owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments :

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 year RM	2 - 3 year RM	More than 3 years RM
2010							
Non-derivative financial liabilities							
Secured term loans							
- RM	128,780	7.30	136,172	136,172	–	–	–
- JPY	5,635,589	2.05 – 2.55	5,762,221	3,072,332	1,911,686	757,769	20,434
- USD	53,996	1.83	54,100	54,100	–	–	–
Onshore foreign currency loan	3,237,603	1.96 – 2.04	3,237,603	3,237,603	–	–	–
Finance lease liabilities	205,442	2.80	216,793	108,408	108,385	–	–
Unsecured bank overdraft	1,479,839	7.80	1,479,839	1,479,839	–	–	–
Trade and other payables	17,753,492	–	17,753,492	17,753,492	–	–	–
	28,494,741		28,640,220	25,841,946	2,020,071	757,769	20,434

26.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

26.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar (USD), Japanese Yen (JYP), European Dollar (Euro) and Thai Baht (THB).

Risk management objectives, policies and processes for managing the risk

The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity. There is no gain or loss on forward exchange contracts recognised at the end of 31 December 2010.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.6 Market risk (cont'd)

26.6.1 Currency risk (cont'd)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in			
	USD	**JPY**	**Euro**	**THB**
Group	**RM**	**RM**	**RM**	**RM**
2010				
Trade receivables	**8,604,111**	**1,923,137**	**–**	**2,394**
Cash and cash equivalents	**1,390,884**	**1,012,067**	**–**	**131,386**
Onshore foreign currency loan	**(3,237,603)**	**–**	**–**	**–**
Secured term loans	**(53,996)**	**(5,635,589)**	**–**	**–**
Trade and other payables	**(2,178,064)**	**(73,788)**	**(3,931,646)**	**–**
Net exposure	**4,525,332**	**(2,774,173)**	**(3,931,646)**	**133,780**
2009				
Trade receivables	5,254,396	3,683,002	–	35,616
Cash and cash equivalents	4,049,506	970,584	–	–
Onshore foreign currency loan	(3,312,139)	–	–	–
Secured term loans	(1,157,060)	(8,979,856)	–	–
Trade and other payables	(3,356,795)	(538,168)	(34,384)	–
Net exposure	1,477,908	(4,864,438)	(34,384)	35,616

Currency risk sensitivity analysis

A 10% strengthening of the RM against the following currencies at the end of the reporting period would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss
Group	**RM**
2010	
USD	**(339,400)**
JPY	**208,063**
EURO	**294,873**
THB	**(10,034)**

A 10% weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.6 Market risk (cont'd)

26.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing loans and borrowings and interest earning deposits. The Group'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.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2010	**2009**
	RM	**RM**
Fixed rate instruments		
Financial assets	**3,300,000**	1,700,000
Financial liabilities	**(205,442)**	(374,740)
	3,094,558	1,325,260
Floating rate instruments		
Financial liabilities	**(10,535,807)**	(15,525,739)

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*
The Group does not account for any fixed rate financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*
A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	100 bp increase	**100 bp decrease**
	RM	**RM**
2010		
Floating rate instruments	**(79,019)**	**79,019**

26. FINANCIAL INSTRUMENTS (CONT'D)

26.7 Fair values

Recognised financial instruments

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

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

The fair values of other financial assets and liabilities together with the carrying amounts shown in the statement of financial position, as at 31 December are as follows :

	2010		2009	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000 (Restated)	Fair value RM'000 (Restated)
Financial assets				
Quoted investment	**110**	**110**	–	–
Unquoted shares	**109**	**109**	117	117
Financial liabilities				
Finance lease liabilities	**205**	**# 205**	375	# 375

\# The fair value of fixed rate financial instruments are determined by discounting the relevant cash flows using current interest rates for similar financial instrument at the end of the reporting period. Since the current interest rates do not significantly differ from the intrinsic rate of this financial instrument, the fair value of this financial instrument therefore, closely approximates their carrying value as at the end of the reporting period.

Fair value of quoted investment is based on quoted market price at the end of the reporting period without any deduction for transaction costs whereas unquoted shares is based on the latest available financial position of the investee.

27. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

27. CAPITAL MANAGEMENT (CONT'D)

During 2010, the Group's strategy, which was unchanged from 2009, was to maintain the debt-to-equity ratio at the lower and range within 0.00 : 1 to 0.14 : 1. The debt-to-equity ratios at 31 December 2010 and at 31 December 2009 were as follows :

	2010 RM'000	2009 RM'000
Total borrowings (Note 12)	**10,741**	15,900
Less : Cash and cash equivalents (Note 8)	**(7,245)**	(8,620)
Net debt	**3,496**	7,280
Total equity	**75,724**	71,350
Debt-to-equity ratios	**0.05**	0.10

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

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury share) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

28. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

	Other investments 2010 RM	Retained earnings 2010 RM
At 1 January, as previously stated	**1,352,480**	32,034,872
Effect on adopting FRS 139 : Impairment loss	**(1,235,402)**	(1,235,402)
At 1 January, as restated	**117,078**	30,799,470

28.1 FRS 139, Financial Instruments : Recognition and Measurement

The adoption of FRS 139, has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows :

Investments in equity securities

Prior to the adoption of FRS 139, investments in non-current equity securities, other than investments in subsidiaries and associates were measured at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries and associates are now categorised and measured as fair value through profit or loss, or as available-for-sale as detailed in note 2(c).

Financial guarantee contracts

Prior to the adoption of FRS 139, financial guarantee contracts were not recognised in the statement of financial position unless it becomes probable that the guarantee may be called upon. With the adoption of FRS 139, financial guarantee contracts are now recognised initially at their fair values and subsequently measured at their initially measured amount less cumulative amortisation. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made.

28. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

28.1 FRS 139, Financial Instruments : Recognition and Measurement (cont'd)

Inter-company loans

Prior to the adoption of FRS 139, inter-company loans were recorded at cost. With the adoption of FRS 139, inter-company loans are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Finance income and costs are recognised in profit or loss using the effective interest method.

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance to the transitional provisions of FRS 139 for first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted.

Consequently, the adoption of FRS 139 does not affect the basic and diluted earnings per ordinary share for prior periods. It is not practicable to estimate the impact arising from the adoption of FRS 139 to the current year's basic and diluted earnings per share.

28.2 FRS 8, Operating Segments

As of 1 January 2010, the Group determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 8. Previously operating segments were determined and presented in accordance with FRS 114_{2004}, Segment Reporting.

Comparative segment information has been re-presented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

28.3 FRS 101, Presentation of Financial Statements (revised)

The Group applies FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the statement of comprehensive income.

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

28.4 FRS 117, Leases

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance is finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic earnings per ordinary share for the current and prior periods.

29. COMPARATIVE FIGURES

29.1 FRS 101, Presentation of Financial Statements (revised)

Arising from the adoption of FRS 101 (revised), income statements for the year ended 31 December 2009 have been re-presented as statement of comprehensive income. All non-owner changes in equity that were presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity.

29.2 FRS 117, Leases

Following the adoption of the amendment to FRS 117, certain comparatives have been re-presented as follows:

	Group			
	31.12.2009		1.1.2009	
	As restated RM	As previously stated RM	As restated RM	As previously stated RM
Carrying amount				
Property, plant and equipment	54,330,663	46,052,405	56,812,264	48,992,287
Prepaid lease payments	–	8,277,258	–	8,277,258

30. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the inappropriate profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2010, into realised and unrealised profits, pursuant to the directive, is as follows:

	2010	
	Group RM'000	Company RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	37,530	43
- unrealised	(3,709)	–
Total retained earnings	33,821	43

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

Comparative figures are not required in the first financial year of complying with the disclosure.

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
Khaw Seang Chuan	37,990,170	15.36	177,333 (i)	0.07	98,933,333 (ii)	40.00
Khaw Choon Hoong	1,096,666	0.443	–	–	98,933,333 (ii)	40.00

Note: –

i) 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

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
Khaw Seang Chuan	37,990,170	15.36	177,333 (i)	0.07	98,933,333 (ii)	40.00
Khaw Choon Hoong	1,096,666	0.44	–	–	98,933,333 (ii)	40.00
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 (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

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	34	2.23	1,178	0.00
100 – 1,000	522	34.25	132,727	0.05
1,001 – 10,000	431	28.28	2,520,932	1.02
10,001 – 100,000	436	28.61	15,599,182	6.31
100,001 – 12,366,665	97	6.37	60,985,690	24.66
12,366,666 and above	4	0.26	168,093,624	67.96
TOTAL	**1,524**	**100.00**	**247,333,333**	**100.00**

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAMES	NO. OF HARES HELD	%
1.	KHOON TEE & FAMILY SDN. BHD.	98,933,333	40.00
2.	KHAW SEANG CHUAN	37,990,170	15.36
3.	KHAW KHOON TEE	17,636,788	7.13
4.	KHAW KHOON TEE	13,533,333	5.47
5.	LAU SU LIN	5,848,266	2.36
6.	ONG PAIK SUIT	5,605,366	2.27
7.	CHEW SHEAU CHING	5,588,800	2.26
8.	CHUAH CHIN KOK	4,686,166	1.90
9.	ONG PAIK LOI	3,870,600	1.56
10.	LAU SU LIN	3,099,500	1.25
11.	GOH BEE LENG	3,034,000	1.23
12.	YEOH KHENG HOE	1,858,933	0.75
13.	KHAW SIANG HEE	1,170,000	0.47
14.	KHAW SEANG SENG	1,149,166	0.47
15.	KHAW SEANG GHEE	1,149,166	0.47
16.	KHAW CHOON CHOON	1,149,166	0.47
17.	KHAW CHOON HOONG	1,096,666	0.44
18.	LEE CHEONG KEAT @ LEE CHONG KEAT	1,060,000	0.43
19.	CHUAH HOO JIN	911,600	0.37
20.	DING HONG SING	806,000	0.33
21.	FONG SUI WENG	801,400	0.32
22.	OKI TOSHIO	700,000	0.28
23.	MASUDA TOSHIO	700,000	0.28
24.	LIAM LYE HOCK	700,000	0.28
25.	HLG NOMINEE (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR TAN TEIK CHAI	470,000	0.19
26.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD LIM TIAN HUAT (T–471388)	450,000	0.18
27.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI BOON SENG (E–SPI)	420,000	0.17
28.	CHUAH CHIA LIN	417,000	0.17
29.	TEH BEE CHEONG	416,000	0.17
30.	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOK FOOK YU	400,000	0.16
		215,651,419	**87.19**

Location	Description/ Existing Use	Tenure	Age of building	Land area/ Built up area (Sq. ft.)	Carrying Value (RM'000)	Year Acquired / Revaluation
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) (b), 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	5 – 16 years	471,082/ 253,202	22,615	1990&1994 / 2006
Not applicable/ H.S.(M) No. 11813, P.T. 81, Kawasan Perusahaan Kulim, Kulim, Kedah	Vacant Industrial land	60 years lease commencing from 13 December 1989 expiring on 12 December 2049	Not applicable	165,528/ Not applicable	1,342	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	43,562/ Not applicable	642	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	626	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 Sixth 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 Kedah on Friday, 17 June 2011 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 Ms Khaw Choon Choon as Director		
4.	To re-elect Mr Khaw Seang Chuan as Director		
5.	To re-elect Ms Khaw Choon Hoong 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		
9	To approve the Proposed Amendments to the Articles of Association		

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 ________ 2011.

____

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

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Kulim Industrial Estate,
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