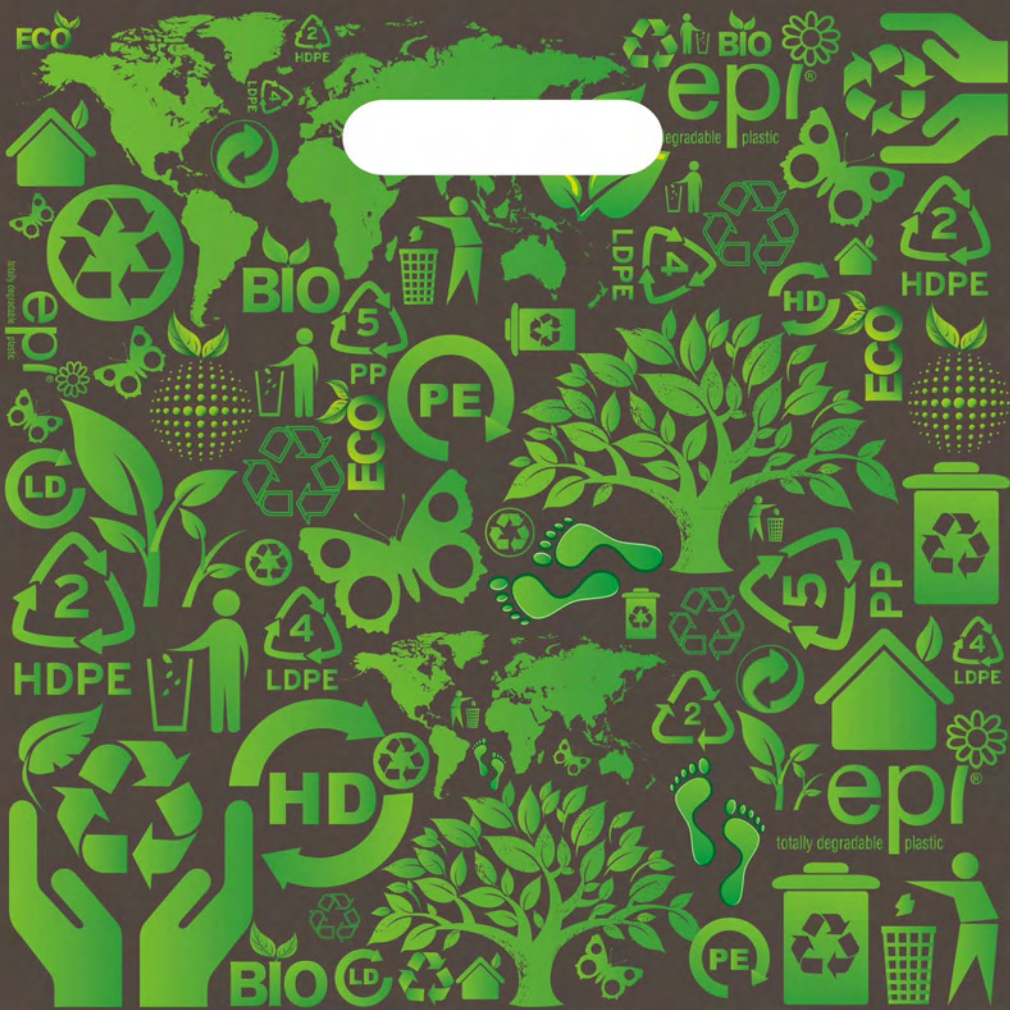
ANNUAL REPORT 2011



TOWARDS A SUSTAINABLE FUTURE

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. The particulars of the subsidiaries are as follows:-

SUBSIDIARIES	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 products and plastic related goods 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. : 604-228 2321
Facsimile No. : 604-227 2391

REGISTERED OFFICE

Suite 12-A, Level 12, Menara Northam
No. 55, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
Telephone No. : 604-228 0511
Facsimile No. : 604-228 0518

HEAD OFFICE/MANAGEMENT OFFICE

P.T. 1, Lot 57A, Lorong Perusahaan 5
Kulim Industrial Estate
09000 Kulim, Kedah
Telephone No. : 604-489 1858
Facsimile No. : 604-489 1857

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

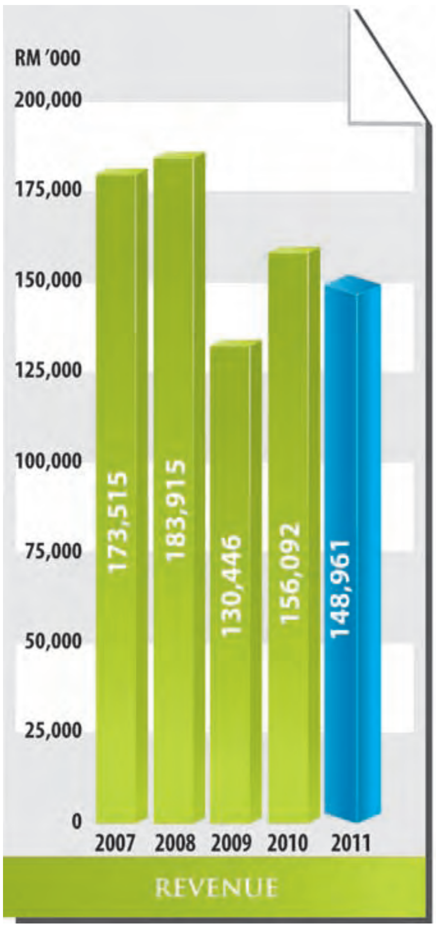
PAST FIVE (5) YEARS' FINANCIAL HIGHLIGHTS

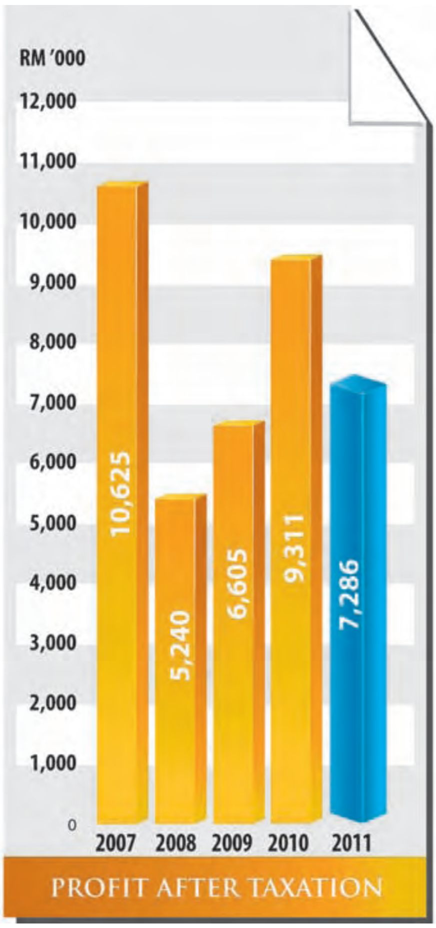
31 December	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000
Revenue	173,515	183,915	130,446	156,092	**148,961**
Profit Before Tax	11,712	6,398	7,824	10,383	**8,374**
Profit After Tax	10,625	5,240	6,605	9,311	**7,286**
Paid-up Share Capital	53,000	53,000	53,000	61,833	**61,833**
Net Assets	46,618	70,221	72,586	75,724	**78,077**
Total Borrowings	62,305	39,568	15,901	10,741	**2,962**
Net Earnings Per Share (sen) (ii)	4.29	2.11	2.67	3.76	**2.95**
Net Assets Per Share (sen) (ii)	18.85	28.39	29.35	30.61	**31.57**
Total Dividend Paid	NA	4,240	4,593	4,946	**4,946**
Dividend Payout Ratio	NA	80.9%	69.5%	53.1%	**67.9%**
Gearing (times)	1.34	0.56	0.22	0.14	**0.04**

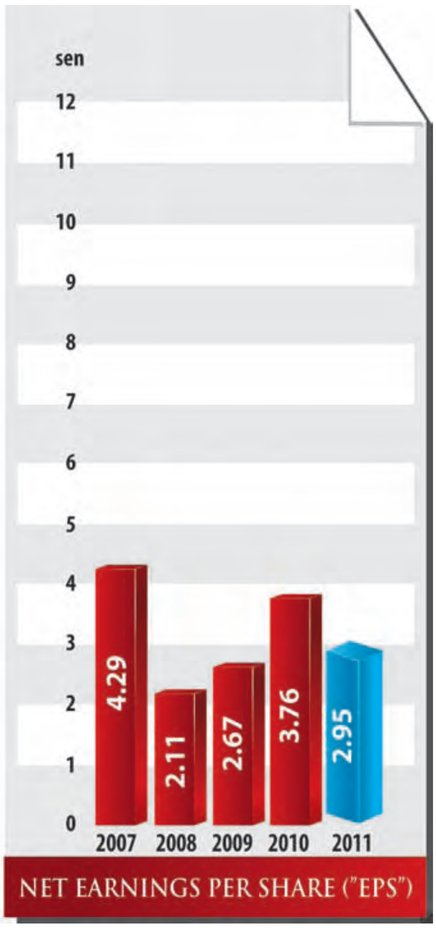
Notes:

(i) The financial figures for the financial year 2007 was prepared based on a proforma consolidated basis on the assumption that the current structure of the Group had been in existence.

(ii) The comparative net assets per share and net earnings per share have been restated to take into account the effect of Share Split and Bonus Issue completed in the financial year 2010.







KHAW KHOON TEE
Malaysian, aged 62,
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 the 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 involving in the manufacture of plastic packaging products in 1965. He was 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 42
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 41
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. After 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 in the market penetration and business expansion of the Group overseas.

MARY GERALDINE PHIPPS

Malaysian, aged 63

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 practice. During this time, she was also a Director of KPMG Tax Services Sdn Bhd. Her expertise is in taxation and her experience in tax advisory and consultancy services covers 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.

KHAW CHOON CHOON, JESSY

Malaysian, aged 39

Executive Director

She was appointed to the Board on 1 July 2010.

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

LEOW CHAN KHIANG
Malaysian, aged 46
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 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 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 5 years until April 2007. With his past working experience in investment banking that includes mergers and acquisitions, corporate restructuring, debt/equity financing and initial public offerings as well as accounting and tax, he then started his private business in corporate and financial consultancy services in 2007.

CHAN WAH CHONG
Malaysian, aged 47
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.

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.

Dear Shareholders,

On behalf of the Board of Directors of SLP Resources Berhad ("SLP" or "the Company"), it is my pleasure to present the Annual Report incorporating the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2011.

DOMESTIC SALES
RM90.1 mil

EXPORT SALES
RM58.9 mil

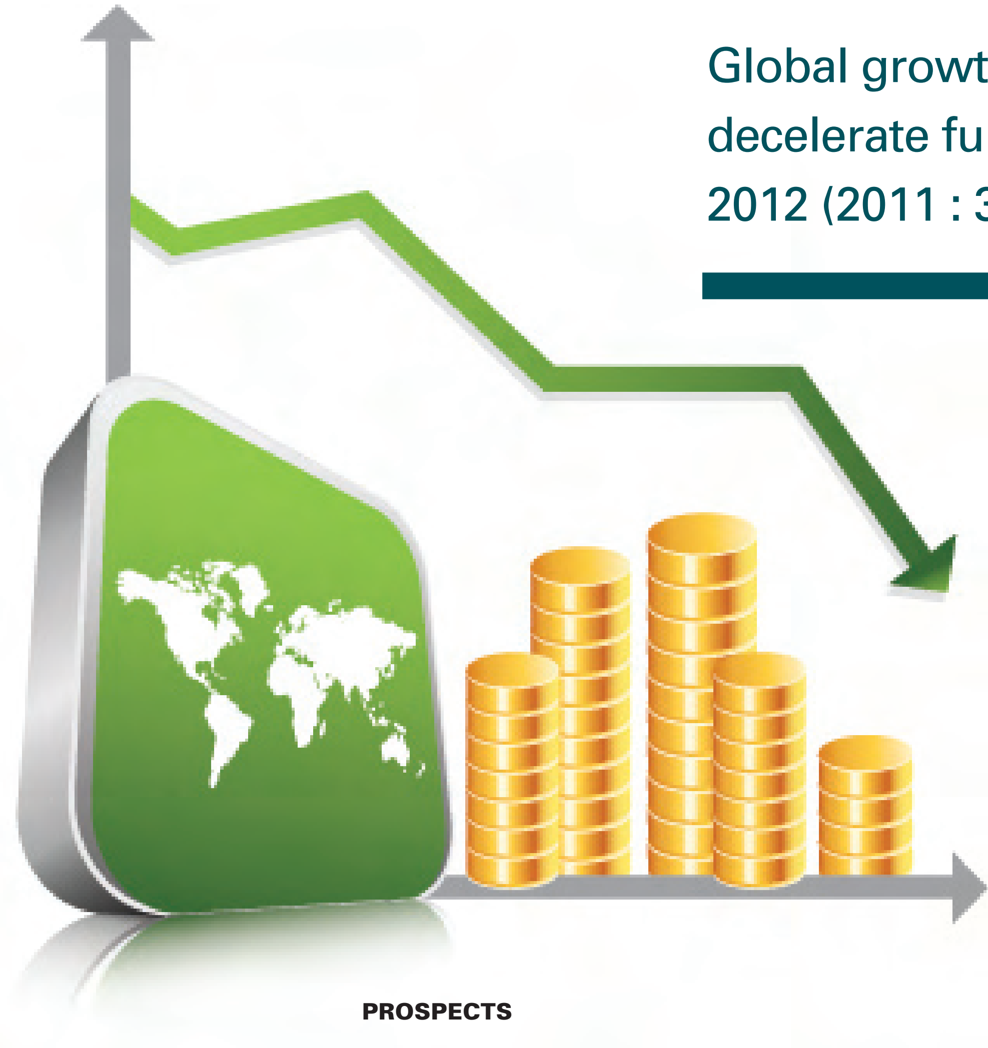
OPERATING RESULTS

For the financial year ended 31 December 2011, the Group saw a marginal decline in revenue of 4.6% to RM149.0 million from RM156.1 million recorded in the previous year. Domestic sales which accounted for approximately 60.5% (2010 : 63.1%) of the Group's revenue saw a decline in absolute amount of RM8.4 million to RM90.1 million from RM98.5 million in the previous year. This decrease, which was due primarily to lower average selling prices for polymer products such as plastic resins domestically, resulted in lower Group sales for the financial year under review. The Group's export sales were slightly better in the year under review as total export sales increased to RM58.9 million from RM57.6 million in the previous year, a slight increase of approximately 2.2%. Japan continued to be the largest export destination with annual sales of RM41.1 million (2010 : RM40.8 million), constituting 69.8% (2010 : 70.8%) of the Group's total export sales. Although export sales was relatively stable, some sales of niche products like newspaper wrapping films and kitchen bags to Japan were affected by the recent earthquake, tsunami and nuclear catastrophe in Japan in March 2011.

Corresponding with lower revenue in the financial year under review, the Group posted a lower profit before tax of RM8.4 million from RM10.4 million in the previous year, a decrease of 19.2%. The higher cost of raw materials brought about by higher average prices of plastic resins, the major component of raw materials consumed by the Group, resulted in a larger proportion of decrease in profit before tax as compared to the proportion of decrease in revenue. The utilisation of production facilities in particular during the second and third quarters of the financial year under review was somewhat lower than we expected as orders from Japanese customers were slower after the unfolding crisis in the northeast of Japan in March 2011.

In line with the satisfactory financial results and strict internal control measures, the Group ended the financial year under review with a net cash position whereby other balance sheet ratios remained healthy. The Group's gearing ratio further reduced to a negligible 0.04 times as at 31 December 2011 as the Group continued to pare down its bank borrowings to the outstanding sum of RM3.0 million as at 31 December 2011.

The Group posted profit before tax of **RM8.4 million** over **RM149.0 million** in revenue for the year 2011



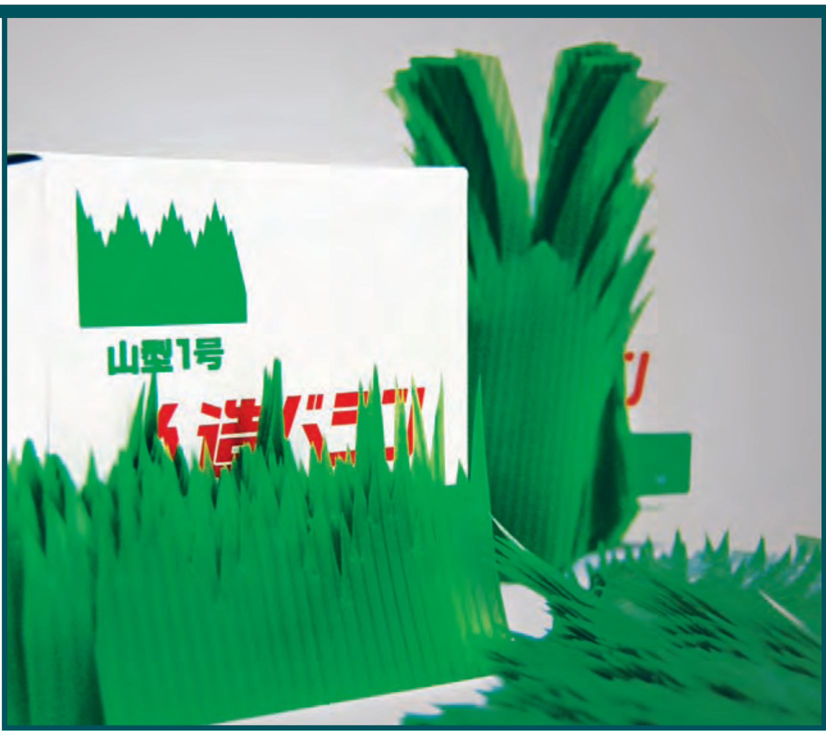
Global growth is projected to decelerate further to 3.3% in 2012 (2011 : 3.8%)

On the demand side, growth is expected to emanate from private consumption and investment activities. On the **supply side, the services and manufacturing sectors are expected to drive growth.**

PROSPECTS

Risks to global growth have increased significantly with major risks including escalation of the fiscal and banking problems in the euro area, lack of medium-term fiscal consolidation plans in the USA and Japan, possibility of a hard landing in key emerging economies as well as oil supply constraints. Against this backdrop, global growth is projected to decelerate further to 3.3% in 2012 (2011 : 3.8%). The Malaysian economy is expected to expand albeit at a moderate pace in the first half of 2012. This is reflected by the Leading Index, which grew by an average of 1.5% from July to November 2011. On the demand side, growth is expected to emanate from private consumption and investment activities. On the supply side, the services and manufacturing sectors are expected to drive growth.

Just like in 1995 when an earthquake had damaged the city of Kobe, the yen spiked in anticipation of the huge cost to rebuild the city. This time around, the yen surged to an all-time high against the greenback at 76.25 per dollar as the amount of money needed to rebuild Japan's infrastructure is estimated to run into hundreds of billions of dollars, which is much more than the cost to reconstruct Kobe. The consequent of stronger yen would lead to higher demand for the Group's flexible plastic packaging ("FPP") products from the Japanese customers, the traditionally strong export market for the Group. Against this backdrop and given that the food & beverage ("F&B") sector is the main user of the Group's FPP products and the F&B sector is generally regarded to be resilient even during an economic slowdown, the Board of Directors expects that the Group's performance for the financial year 2012 will be satisfactory.



“... a total dividend of **RM4,946,666** which represents a **dividend payout ratio of 67.9%** of the net profit for the financial year 2011”

DIVIDENDS

In appreciation of our shareholders’ support during the challenging year, the Board is pleased to recommend a single tier final dividend of 4.0% or 1.0 sen on the 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 2011, 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 4.0% or 1.0 sen on the 247,333,333 ordinary shares of RM0.25 each paid on 18 October 2011 would amount to a total dividend of RM4,946,666 which represents a dividend payout ratio of 67.9% of the net profit for the financial year 2011. In the preceding financial year, the Company paid a total dividend of RM4,946,666 which represents a dividend payout ratio of 53.1% of the net profit for the financial year 2010.

The Company currently does not have a fixed dividend policy but will continue to maintain an appropriate dividend payout ratio level 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

On 4 October 2011, the Company announced that its wholly owned subsidiary, Sinliplas Holding Sdn Bhd ("SHSB") received a Letter of Intent ("LOI") from CB Richard Ellis USA and CB Richard Ellis (Penang) Sdn Bhd, the real estate agents of Bard Sdn Bhd of Lot 57C, Kulim Industrial Estate, 09000 Kulim, Kedah ("BARD") to purchase the leasehold interest of three (3) pieces and parcels of industrial leasehold vacant land held under title nos. H.S.(M) 11813 Lot No. PT 81, PM 787 Lot No. 4819 Section 38 (previously HSM 14112, Lot No. PT 340), and PM 788 Lot No. 4820 Section 38 (previously HSM 14113, Lot No. PT 341), all within the locality of Kawasan Perusahaan Kulim, Town and District of Kulim, State of Kedah Darul Aman located along Jalan Perusahaan 5, Kulim Industrial Estate, Kulim, Kedah Darul Aman, Malaysia ("the Properties") for a total cash consideration of RM9,561,274.

Subsequently, on 9 January 2012 and 3 April 2012, the Company received letters from BARD requesting for an amendment to Section 3 of the LOI in relation to the extension of due diligence exercise period from three (3) months to six (6) months and subsequently to 30 May 2012. This is to enable BARD to have sufficient time to resolve the issue on industrial zoning of the Properties with local authorities. With such extension of time for due diligence exercise, the signing date for a formal sale and purchase agreement has been extended until 30 June 2012 subject to the satisfaction of due diligence exercise.

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.

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 enhances 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 recyclable 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. Plastic packaging products form an important part of the food supply chain and to demonstrate the Group's continuous commitments towards food safety management systems for the manufacture of plastic films, printing and converting flexible packaging products for food, sanitary and hygiene bags, the management of the Group is working hard toward achieving ISO 22000 in the year 2012.

The Group believes that employee involvement is vital to the success of the Group. The Group strives to motivate and retain its best employees by providing continuous training, 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 the Health & Safety Committee, Notice Board and regular management briefings.

Among the most significant ongoing initiatives is our **sustainable practice in developing plastic packaging solutions** that are **environmentally friendly.**

APPRECIATION

The success of the Group would not have been achievable without the tremendous efforts, commitments and contributions of its management and staff at all times. My heartfelt gratitude and appreciation must be extended to my esteemed Board members as well 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.

Thank you.

KHAW KHOON TEE
EXECUTIVE CHAIRMAN
28 MAY 2012

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting ("AGM") of the Company will be held at Sunway Hotel, Nyatoh Room, 11 Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, Prai, 13600 Penang on Monday, 18 June 2012 at 10.30 a.m. for the following purposes: -

ORDINARY BUSINESS: -

1. To receive the Audited Financial Statements for the year ended 31 December 2011 and Reports of the Directors and Auditors thereon.

2. To approve the payment of the final single tier dividend of 4% or 1 sen per ordinary share in respect of the financial year ended 31 December 2011. (Resolution 1)

3. To re-elect the following Directors who retire pursuant to Article 95(1) of the Company's Articles of Association:
   (a) Mr. Leow Chan Khiang (Resolution 2)
   (b) Mr. Chan Wah Chong (Resolution 3)

4. To approve the Directors' fees of RM132,000 for the financial year ending 31 December 2012. (Resolution 4)

5. To re-appoint Messrs KPMG as Auditors of the Company for the financial year ending 31 December 2012 and to authorize the Board of Directors to determine their remuneration. (Resolution 5)

SPECIAL BUSINESS: -

6. 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 AGM of the Company." (Resolution 6)

7. 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 89 – Instrument of proxy

Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SIDCA") which is exempted from compliance with the provisions of subsection 25A(1) of SIDCA. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under hand of an officer or attorney duly authorised. The Directors of the Company may, but shall not be bound to require evidence of the authority of such attorney or officer. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(l)(a) and (b) of the Act shall not apply to the Company. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
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 effect to the proposed amendments to the Articles of Association of the Company." (Resolution 7)

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

NOTICE IS HEREBY GIVEN that for purpose of determining a member who shall be entitled to attend this Seventh AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with the Article 62(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 12 June 2012. Only a depositor whose name appears on the Record of Depositors as at 12 June 2012 shall be entitled to the said meeting or appoint proxies to attend and/or vote on his/her behalf.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATE

NOTICE IS ALSO HEREBY GIVEN that subject to the shareholders' approval for the payment of single-tier final dividend of 4% or 1 sen per ordinary share in respect of the financial year ended 31 December 2011 ("Dividend"), under Resolution 1 at the Seventh AGM of the Company, the Dividend will be paid on 18 July 2012. The entitlement date for the Dividend shall be 29 June 2012.

Shareholders of the Company will only be entitled to the Dividend in respect of:-

(a) securities transferred into the Depositor's Securities Account before 4.00 p.m. on 29 June 2012 for transfers; and

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

By Order of the Board

Ch'ng Lay Hoon (MAICSA 0818580)
Company Secretary

Penang
28 May 2012

NOTES:

1. Appointment of Proxy

A member entitled to attend, speak and vote at this Meeting may appoint more than one (1) Proxy, who need not be a member, to attend, speak 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.

Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

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

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

2. Explanatory Notes on Special Business

Resolution 6

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 Sixth AGM held on 17 June 2011 and which will lapse at the conclusion of the Seventh 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 share. 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.

Resolution 7

The Proposed Amendments is to comply with the provisions of the amended Listing Requirements of Bursa Malaysia Securities Berhad which took effect on 3 January 2012.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
PURSUANT TO PARAGRAPH 8.27(2) OF BURSA MALAYSIA LISTING REQUIREMENTS

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

Directors standing for re-election	Director's Profile	Details of their securities in the Company
Leow Chan Khiang	Page 8	Page 8
Chan Wah Chong	Page 8	Page 8

The Board of Directors ("the Board") of SLP Resources Berhad ("SLP") recognises the importance of continuously maintaining a high standard of corporate governance throughout the Group by adopting the principles and best practices in corporate governance, as a fundamental part of discharging its responsibilities to safeguard the long term interest of its shareholders and other stakeholders, as well as to enhance the financial performance of the Group.

The Board is pleased to report the extent in which the Board has embodied the spirit and principles set out in part 1 of the Malaysian Code of Corporate Governance ("the Code") and the extent of the Group's compliance with the Best Practices in Corporate Governance set out in part 2 of the Code throughout the financial year ended 31 December 2011.

1.0 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 five (5) times in the financial year ended 31 December 2011. The composition of the Board and the individual Director's attendance of meetings during the financial year ended 31 December 2011 were as follows:-

Name	Attendance
Executive Directors	
Khaw Khoon Tee	5/5
Khaw Seang Chuan	5/5
Khaw Choon Hoong	4/5
Khaw Choon Choon	5/5
Non-Executive Directors	
Mary Geraldine Phipps	5/5
Leow Chan Khiang	5/5
Chan Wah Chong	5/5

1.2 Duties and Responsibilities

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

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

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

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

1.0 THE BOARD OF DIRECTORS (CONT'D)

1.2 Duties and Responsibilities (cont'd)

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.

1.3 Supply of Information

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

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

2.0 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.

3.0 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*

3.0 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 skill and experience and other qualities and competencies and the contribution of each individual Director and shall also review the composition, structure and size of the Board.

3.2 Remuneration Committee

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

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

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

4.0 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 amount of remuneration paid to Directors are disclosed in the Notes to the Audited Financial Statements. 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 2011 are as follows:-

	Salaries & Bonuses RM	Fees RM	Benefits-in-kind and other emoluments RM	Total RM
Executive Directors	981,500	36,000	161,934	**1,179,434**
Non-Executive Directors	-	74,000	4,050	**78,050**
Total	**981,500**	**110,000**	**165,984**	**1,257,484**

4.0 DIRECTORS' REMUNERATION (CONT'D)

The number of Directors whose total remunerations derived from the Group during the financial year ended 31 December 2011 that fall within the following bands are as follows:

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

5.0 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 2011 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 2011, evaluated their own training needs on a continuous basis and attended the following conferences, seminars, trade fair and / or trainings:

Directors	Training Programmes/ Seminars	Organisers	Date
Khaw Khoon Tee	Goods and Services Tax – Get Ready, Get Set…	MPMA-PTTC	4 May 2011
	Raw Materials Market Trends	MPMA-PTTC	22 June 2011
Khaw Seang Chuan	Goods and Services Tax – Get Ready, Get Set…	MPMA-PTTC	4 May 2011
	Citi Mini Bourse Training	CitiBank, Malaysia	14 to 17 July 2011
Khaw Choon Hoong	Goods and Services Tax – Get Ready, Get Set…	MPMA-PTTC	4 May 2011
	5S Training	In-house	28 March 2011
	ISO 2200 Awareness	In-house	24 May 2011
	Introduction of ISO 22000	In-house	4 and 11 July 2011
Khaw Choon Choon	5S Training	In-house	28 March 2011
	ISO 2200 Awareness	In-house	24 May 2011
	Introduction of ISO 22000	In-house	4 and 11 July 2011
Mary Geraldine Phipps	KPMG Tax Summit 2011	KPMG	18 October 2011
	Building Confidence in Capital Market	MIA	20 October 2011
	Scrutinising Financial Statement Fraud and Detection of Red Flag for Directors and Officers of PLCs and Government Regulation Agencies	Malaysian Institute of Corporate Governance	31 October 2011
	2011 IFRS/RFS Partners and Managers Updates – Advanced Applications	KPMG	10 November 2011

5.0 DIRECTORS' TRAINING (CONT'D)

Directors	Training Programmes/ Seminars	Organisers	Date
Leow Chan Khiang	Building Confidence in Capital Market	MIA	20 October 2011
	Malaysia FRS Update and IFRS Convergence	KPMG	9 November 2011
Chan Wah Chong	Corporate Management briefings with Suruhanjaya Syarikat Malaysia	SSM	21 June 2011
	National Tax Seminar 2011	INROU	20 October 2011
	Advanced Consolidation Principles (revised FRS3 and FRS 127)	MICPA	14 December 2011

6.0 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).

7.0 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.

7.0 ACCOUNTABILITY AND AUDIT (CONT'D)

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.

8.0 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 2012.

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 been put 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 2011, 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 on Corporate Governance was approved in accordance with the resolution of the Board on 25 April 2012.

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

1.0 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.

2.0 COMPOSITION

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

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

(i) a member of the Malaysian Institute of Accountants ("MIA") or;
(ii) if the Director is not a member of MIA, the Director be must have at least three (3) years of working experience and
    (a) the Director must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967, or
    (b) the Director must be a member of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
(iii) fulfils such other requirements as prescribed or approved by Bursa Securities.

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

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

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

3.0 QUORUM AND COMMITTEE'S PROCEDURES

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

3.2 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.

3.3 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.

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

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

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

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

4.0 AUTHORITY

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

4.2 The Committee shall have full and unlimited access to any information pertaining to the Group.

4.3 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.

4.4 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.

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

5.0 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;
  (b) review the internal audit programmed and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit functions;
  (c) review any appraisal or assessment of the performance of members of the internal audit function; and
  (d) approve any appointment or termination of senior staff members of the internal audit function and to provide opportunity for the resigning staff member to submit his reasons for resigning.
(vii) Review the adequacy and integrity control systems, including enterprise risk management, management information system, and the internal auditors' and/or external auditors evaluation of the said systems.
(viii) Direct and where appropriate supervise any special projects or investigations considered necessary, and review investigation reports on any major defalcations, frauds and thefts.
(ix) Review the quarterly and year-end financial statements of the 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; and
  (d) the going concern assumption.
(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.

6.0 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.

7.0 MEETINGS

During the financial year ended 31 December 2011, 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 2011, 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 2011 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 2011;
(iii) reviewed the external auditors' scope of work and the audit planning memorandum for the financial year ended 31 December 2011;
(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 2011;
(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 2011.

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 2011 amounted to RM23,390.00.

This report is made in accordance with a resolution of the Board of Directors dated 25 April 2012.

OTHER INFORMATION

The information disclosed below is in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

1. **Share Buy-back**
   The Company does not have a share buy-back programme in place.

2. **Material Contracts**
   The Company and its subsidiaries do not have any material contracts involving the interests of its Directors and major shareholders.

3. **Options or Convertible Securities**
   The Company does not have these schemes in place during the financial year.

4. **Depository Receipt Programme**
   The Company did not sponsor any Depository Receipt Programme during the financial year.

5. **Sanctions and/or Penalties**
   There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

6. **Non-Audit Fees**
   The amount of non-statutory audit fees paid and payable to the external auditors and its affiliates by the Company and its subsidiaries for the financial year ended 31 December 2011 was RM16,500.

7. **Profit Estimate, Forecast and Projections**
   The Company did not release any profit estimate, forecast or projections for the financial year.

8. **Variation in results**
   There is no material variance (10% or more) between the audited results for the financial year and the unaudited results previously announced.

9. **Profit Guarantee**
   There were no profit guarantee received/ given by the Company and its subsidiaries during the financial year.

10. **Recurrent Related Party Transactions of a Revenue Nature**
    During the financial year under review, the Group has not entered into any recurrent related party transactions of a revenue or trading nature.

11. **Revaluation Policy on Landed Properties**
    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.

12. **Utilisation of Proceeds Raised from Proposal**
    During the financial year under review, there were no proceeds raised from corporate proposals.

13. **Employee Share Options Scheme**
    The Group did not offer any share scheme for employees during the financial year under review.

14. **Internal Audit Function**
    The internal audit function was outsourced and the cost incurred for the internal audit function in respect of the financial year under review was RM 23,390.00.

15. **Continuing Education Programme**
    Details of the seminars or courses attended by the Directors of the Company are disclosed in the Corporate Governance Statement, as set out on Pages 25-26 of this Annual Report.

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 2011.

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	7,286,043	7,547,329

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 financial year ended 31 December 2010 on 18 July 2011; and

ii) a first single–tier interim dividend of 1 sen per ordinary share totalling RM2,473,333 in respect of the financial year ended 31 December 2011 on 18 October 2011.

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 2011, 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
Khaw Choon Choon
Leow Chan Khiang
Mary Geraldine Phipps
Chan Wah Chong

DIRECTORS' INTERESTS IN SHARES

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 1.1.2011	Bought/ Transfer	(Sold)	At 31.12.2011
Khaw Khoon Tee				
Interest in the Company :				
– own	31,170,121	–	–	31,170,121
- others #	2,298,333	–	–	2,298,333
Deemed interest in the Company :				
- own	98,933,333	–	–	98,933,333
Khaw Seang Chuan				
Interest in the Company :				
- own	9,772,644	28,217,526	–	37,990,170
- others #	177,333	–	–	177,333
Deemed interest in the Company :				
-own	98,933,333	–	–	98,933,333
Khaw Choon Hoong				
Interest in the Company :				
- own	1,096,666	–	–	1,096,666
Deemed interest in the Company :				
-own	98,933,333	–	–	98,933,333
Khaw Choon Choon				
Interest in the Company :				
- own	1,149,166	–	–	1,149,166
Leow Chan Khiang				
Interest in the Company :				
- own	116,666	–	–	116,666
Mary Geraldine Phipps				
Interest in the Company :				
- own	46,666	–	–	46,666

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 2011 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 18 and 19 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

There were no 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 statements of financial position and statements of comprehensive income 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.

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, the financial performance of the Group and of the Company for the financial year ended 31 December 2011 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SUBSEQUENT EVENT

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

AUDITORS

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

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

……………………………….
Khaw Khoon Tee

…………………………………..
Khaw Seang Chuan

Penang,
Date : 25 April 2012

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 43 to 90 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 as at 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 29 to the financial statements on page 91 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 2012

STATUTORY DECLARATION

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

I, Khaw Khoon Tee, the Director primarily responsible for the financial management of SLP Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 43 to 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 2012.

KHAW KHOON TEE

Before me :

Cheah Beng Sun, DJN, AMN, PKT, PJK, PJM, PK.
(No: P.103)
Commissioner of Oaths
Penang

PESURUHJAYA SUMPAH
No: P 103
Name: CHEAH BENG SUN
DJN. AMN. PKT PJK. PJM. PK.
MALAYSIA
No 27, Jalan Zainal Abidin
10400 Pulau Pinang

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of SLP Resources Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company and the statements of comprehensive income, 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 43 to 90.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the 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 2011 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 29 to the financial statements on page 91 has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. 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
1414/03/14 (J/PH)
Chartered Accountant

Date : 25 April 2012
Penang

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	2011 RM	2010 RM
Assets			
Property, plant and equipment	3	46,648,134	53,889,503
Other investments	4	233,558	219,958
Intangible assets	5	342,380	671,006
Total non-current assets		47,224,072	54,780,467
Inventories	6	15,795,794	20,942,454
Trade and other receivables	7	27,300,217	28,762,455
Current tax assets		110,615	257,089
Cash and cash equivalents	8	7,926,723	7,245,623
Assets classified as held for sale	9	2,559,551	–
Total current assets		53,692,900	57,207,621
Total assets		100,916,972	111,988,088
Equity			
Share capital	10	61,833,333	61,833,333
Reserves	11	16,243,250	13,890,273
Total equity attributable to owners of the Company		78,076,583	75,723,606
Liabilities			
Deferred tax liabilities	12	6,310,000	6,378,000
Loans and borrowings	13	833,743	2,753,402
Total non-current liabilities		7,143,743	9,131,402
Trade and other payables	14	13,294,008	18,892,908
Loans and borrowings	13	2,128,054	7,987,847
Current tax liabilities		274,584	252,325
Total current liabilities		15,696,646	27,133,080
Total liabilities		22,840,389	36,264,482
Total equity and liabilities		100,916,972	111,988,088

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 2011

	Note	2011 RM	2010 RM
Continuing operations			
Revenue	15	148,960,968	156,092,095
Changes in work-in-progress and manufactured inventories		(2,126,528)	360,385
Raw materials and consumables used		(118,089,444)	(124,414,498)
Employee benefits expenses	16	(6,385,898)	(6,204,198)
Depreciation and amortisation	3, 5	(5,956,009)	(6,299,754)
Other operating expenses		(8,621,713)	(9,799,992)
Other operating income		734,727	938,840
Results from operating activities		8,516,103	10,672,878
Finance costs	17	(141,894)	(289,380)
Profit before tax	18	8,374,209	10,383,498
Income tax expense	20	(1,088,166)	(1,072,646)
Profit for the year		7,286,043	9,310,852
Other comprehensive income for the year, net of tax			
- fair value of available-for-sale financial assets		13,600	9,600
Total other comprehensive income for the year, net of tax		13,600	9,600
Total comprehensive income for the year attributable to owners of the Company		7,299,643	9,320,452
Basic earnings per ordinary share (sen)	22	2.95	3.76

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 2011

		Attributable to owners of the company						
		Non-distributable					Distributable	
	Note	Share capital	Share premium	Reverse acquisition reserve	Revaluation reserve	Fair value reserve	Retained earnings	Total equity
		RM	RM	RM	RM	RM	RM	RM
At 1 January 2010		53,000,000	7,483,229	(26,639,691)	6,706,812	–	30,799,470	71,349,820
Fair value of available-for-sale financial assets		–	–	–	–	9,600	–	9,600
Total other comprehensive income for the year		–	–	–	–	9,600	–	9,600
Profit for the year		–	–	–	–	–	9,310,852	9,310,852
Total comprehensive income for the year		–	–	–	–	9,600	9,310,852	9,320,452
Bonus issue (1 for 6)	10	8,833,333	(7,483,229)	–	–	–	(1,350,104)	–
Dividends to owners of the Company	21	–	–	–	–	–	(4,946,666)	(4,946,666)
Total contribution from/ (distribution to) owners		8,833,333	(7,483,229)	–	–	–	(6,296,770)	(4,946,666)
At 31 December 2010		61,833,333	–	(26,639,691)	6,706,812	9,600	33,813,552	75,723,606
At 1 January 2011		61,833,333	–	(26,639,691)	6,706,812	9,600	33,813,552	75,723,606
Fair value of available-for-sale financial assets		–	–	–	–	13,600	–	13,600
Total other comprehensive income for the year		–	–	–	–	13,600	–	13,600
Profit for the year		–	–	–	–	–	7,286,043	7,286,043
Total comprehensive income for the year		–	–	–	–	13,600	7,286,043	7,299,643
Dividends to owners of the Company	21	–	–	–	–	–	(4,946,666)	(4,946,666)
Total distribution to owners		–	–	–	–	–	(4,946,666)	(4,946,666)
At 31 December 2011		61,833,333	–	(26,639,691)	6,706,812	23,200	36,152,929	78,076,583

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 2011

	Note	2011 RM	2010 RM
Cash flows from operating activities			
Profit before tax from continuing operations		8,374,209	10,383,498
Adjustments for :			
Depreciation of property, plant and equipment	3	5,627,383	5,971,128
Amortisation of intangible assets	5	328,626	328,626
Gain on disposal of plant and equipment		(80,498)	(26,997)
Plant and equipment written off		–	2,142
Impairment loss on unquoted shares		–	7,520
Dividend income		(5,400)	–
Finance costs	17	141,894	289,380
Finance income		(43,006)	(68,629)
Operating profit before changes in working capital		14,343,208	16,886,668
Changes in working capital :			
Inventories		5,146,660	(4,457,809)
Trade and other receivables		1,462,238	(3,620,442)
Trade and other payables		(5,598,900)	6,856,374
Cash generated from operations		15,353,206	15,664,791
Income tax paid		(987,433)	(1,106,177)
Net cash from operating activities		14,365,773	14,558,614
Cash flows from investing activities			
Acquisition of :			
- property, plant and equipment	3	(945,567)	(5,532,113)
- other investment		–	(100,800)
Proceeds from disposal of plant and equipment		80,500	27,000
Dividend received		5,400	–
Interest received		43,006	68,629
Net cash used in investing activities		(816,661)	(5,537,284)

	Note	2011 RM	2010 RM
Cash flows from financing activities			
Repayment of :			
- finance lease liabilities		(100,008)	(169,298)
- term loans		(2,962,002)	(4,632,235)
- other bank borrowings, net		(3,237,603)	(1,837,536)
Dividends paid to owners of the Company	21	(4,946,666)	(4,946,666)
Interest paid		(141,894)	(289,380)
Net cash used in financing activities		(11,388,173)	(11,875,115)
Net increase/(decrease) in cash and cash equivalents		2,160,939	(2,853,785)
Cash and cash equivalents at 1 January		5,765,784	8,619,569
Cash and cash equivalents at 31 December	A	7,926,723	5,765,784

Note

A. *Cash and cash equivalents*

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

	Note	2011 RM	2010 RM
Short term deposits with licensed banks	8	2,399,095	3,300,000
Cash and bank balances	8	5,527,628	3,945,623
Bank overdraft	13	–	(1,479,839)
		7,926,723	5,765,784

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	2011 RM	2010 RM
Assets			
Investments in subsidiaries	4	39,985,373	39,985,373
Total non-current assets		39,985,373	39,985,373
Trade and other receivables	7	24,391,827	21,882,961
Current tax assets		110,615	38,663
Cash and cash equivalents	8	35,346	15,401
Total current assets		24,537,788	21,937,025
Total assets		64,523,161	61,922,398
Equity			
Share capital	10	61,833,333	61,833,333
Reserves	11	2,643,328	42,665
Total equity attributable to owners of the Company		64,476,661	61,875,998
Liabilities			
Trade and other payables	14	46,500	46,400
Total current liabilities		46,500	46,400
Total equity and liabilities		64,523,161	61,922,398

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 2011

	Note	2011 RM	2010 RM
Continuing operations			
Revenue	15	8,333,200	2,500,000
Other operating expenses		(264,523)	(334,918)
Profit before tax	18	8,068,677	2,165,082
Income tax expense	20	(521,348)	–
Profit for the year representing total comprehensive income for the year		7,547,329	2,165,082
Profit and total comprehensive income for the year attributable to owners of the Company		7,547,329	2,165,082

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 2011

	Note	Share capital RM	Share premium RM	Retained earnings RM	Total equity RM
At 1 January 2010		53,000,000	7,483,229	4,174,353	64,657,582
Total comprehensive income for the year					
- Profit for the year		–	–	2,165,082	2,165,082
Bonus issue (1 for 6)	10	8,833,333	(7,483,229)	(1,350,104)	–
Dividends to owners of the Company	21	–	–	(4,946,666)	(4,946,666)
Total contribution from/ (distribution to) owners		8,833,333	(7,483,229)	(6,296,770)	(4,946,666)
At 31 December 2010/ 1 January 2011		61,833,333	–	42,665	61,875,998
Total comprehensive income for the year					
- Profit for the year		–	–	7,547,329	7,547,329
Dividends paid to owners of the Company	21	–	–	(4,946,666)	(4,946,666)
Total distribution to owners		–	–	(4,946,666)	(4,946,666)
At 31 December 2011		61,833,333	–	2,643,328	64,476,661

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 2011

	Note	2011 RM	2010 RM
Cash flows from operating activities			
Profit before tax from continuing operations		8,068,677	2,165,082
Adjustment for :			
Dividend income		(8,333,200)	(2,500,000)
Operating loss before changes in working capital		(264,523)	(334,918)
Changes in working capital :			
Trade and other receivables		241,134	2,747,408
Trade and other payables		100	6,000
Cash (used in)/generated from operations		(23,289)	2,418,490
Dividends received		4,999,900	2,500,000
Income tax paid		(10,000)	(10,000)
Net cash from operating activities		4,966,611	4,908,490
Cash flows from financing activity			
Dividends paid to owners of the Company	21	(4,946,666)	(4,946,666)
Net cash used in financing activity		(4,946,666)	(4,946,666)
Net increase/(decrease) in cash and cash equivalents		19,945	(38,176)
Cash and cash equivalents at 1 January		15,401	53,577
Cash and cash equivalents at 31 December	8	35,346	15,401

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 2011 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 2012.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The following are accounting standards, amendments and interpretations of the FRS framework that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Group and the Company :

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

- FRS 124, Related Party Disclosures (revised)
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7, Financial Instruments: Disclosures - Transfers of Financial Assets
- Amendments to FRS 112, Income Taxes - Deferred Tax: Recovery of Underlying Assets

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101, Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income

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 2013

- FRS 10, Consolidated Financial Statements
- FRS 11, Joint Arrangements
- FRS 12, Disclosure of Interests in Other Entities
- FRS 13, Fair Value Measurement
- FRS 119, Employee Benefits (2011)
- FRS 127, Separate Financial Statements (2011)
- FRS 128, Investments in Associates and Joint Ventures (2011)
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendments to FRS 7, Financial Instruments : Disclosures - Offsetting Financial Assets and Financial Liabilities

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 132, Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- FRS 9, Financial Instruments (2009)
- FRS 9, Financial Instruments (2010)
- Amendments to FRS 7, Financial Instruments : Disclosures - Mandatory Date of FRS 9 and Transition Disclosures

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 January 2011 the Group has applied FRS 3, Business Combinations (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as :

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(ii) Accounting for business combinations (cont'd)

Acquisitions on or after 1 January 2011(cont'd)

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, than all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 January 2006 and 1 January 2011

For acquisitions between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2006

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) Loss of control

The Group applied FRS 127, Consolidated and Separate Financial Statements (revised) since the beginning of the reporting period in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous financial years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(iv) 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.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the 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

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

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

Financial assets (cont'd)

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

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 investments 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(i)(i)).

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

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

Financial liabilities (cont'd)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 gain or loss 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iii) Depreciation (cont'd)

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 depreciation rates for the current and comparative periods based on the estimated useful lives of the assets are concerned as follows :

	%
Leasehold land	2 - 3
Factory buildings	2 - 2.23
Renovation	2
Plant, machinery and factory equipment	2 - 20
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 or the Company 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.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leased assets (cont'd)

(ii) Operating lease (cont'd)

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. Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible assets

(i) Goodwill

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

(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 and to use or sell the assets.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible assets (cont'd)

(v) Amortisation

Amortisation is based on the cost of an asset less its residual value.

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 method, useful live and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(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 formula 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 the 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) 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 with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(i) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment (cont'd)

(i) Financial assets (cont'd)

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 to profit or loss.

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 classified as available-for-sale 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 other assets (except for inventories and non-current assets 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 group of assets (known as cash-generating unit). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated 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 cash-generating unit or the group of cash-generating units and then to reduce the carrying amount of the other assets in the cash generating unit (or a group of cash-generating units) on a *pro rata* basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment (cont'd)

(ii) Other assets (cont'd)

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.

(j) 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.

(k) Employee benefits

(i) 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 or profit-sharing plans 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.

(ii) State plans

The Group's contributions to statutory pension 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.

(l) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) 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.

(n) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, 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, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(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, which in the case of quoted securities is the ex-dividend date.

(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.

(o) 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.

Borrowings costs 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 ceases 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are 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 or receivable on the taxable income or loss 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 be applied 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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.

(q) 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.

(r) 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	Leasehold land	Factory building	Renovation	Plant, machinery and factory equipment	Office furniture and equipment	Motor vehicles	Under construction	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Valuation/Cost									
At 1 January 2010	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/ 1 January 2011	15,000,000	8,800,827	3,710,061	48,000	69,616,743	1,157,529	2,897,681	–	101,230,841
Additions	–	–	–	71,000	119,399	55,938	699,230	–	945,567
Disposals	–	–	–	–	(68,537)	–	(434,926)	–	(503,463)
Transfer to assets held for sale (Note 9)	–	(2,800,827)	–	–	–	–	–	–	(2,800,827)
At 31 December 2011	15,000,000	6,000,000	3,710,061	119,000	69,667,605	1,213,467	3,161,985	–	98,872,118
Accumulated depreciation									
At 1 January 2010	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 January 2011	1,333,332	724,163	227,994	6,720	42,200,966	1,020,264	1,827,899	–	47,341,338
Depreciation for the year	333,333	183,779	82,907	1,414	4,633,888	63,429	328,633	–	5,627,383
Disposals	–	–	–	–	(68,537)	–	(434,924)	–	(503,461)
Transfer to assets held for sale (Note 9)	–	(241,276)	–	–	–	–	–	–	(241,276)
At 31 December 2011	1,666,665	666,666	310,901	8,134	46,766,317	1,083,693	1,721,608	–	52,223,984
Carrying amounts									
At 1 January 2010	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/ 1 January 2011	13,666,668	8,076,664	3,482,067	41,280	27,415,777	137,265	1,069,782	–	53,889,503
At 31 December 2011	13,333,335	5,333,334	3,399,160	110,866	22,901,288	129,774	1,440,377	–	46,648,134

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 RM2,529,866 (2010 : RM2,603,680) and RM7,754,522 (2010 : RM7,986,347) respectively.

3.2 Security

Leasehold land, buildings and certain machineries amounting to RM29,473,407 (2010 : RM34,918,016) are charged to banks as security for loans granted to the subsidiaries of the Company (see Note 13).

3.3 Assets under finance lease

Included in the carrying amount of motor vehicles of the Group are those acquired under finance lease instalment plans amounting to RM389,965 (2010 : RM483,557).

4. INVESTMENTS

	Group		Company	
	2011	2010	2011	2010
	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 2011 %	Effective equity held 2010 %	Principal activities
Sinliplas Holding Sdn. Bhd. ("SHSB")	100	100	Manufacture and sale of plastic packaging and its related products
Sinliplas Sdn. Bhd. ("SSB")	100	100	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)

Non-current	Group Total RM
Other investments:	
2011	
Available-for-sale financial assets	
Quoted shares in Malaysia	124,000
Unquoted shares outside Malaysia	109,558
	233,558
Representing items :	
At fair value	233,558
Market value of quoted shares	124,000
2010	
Available-for-sale financial assets	
Quoted share 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

5. INTANGIBLE ASSETS - GROUP

	Goodwill RM	Development costs RM	Total RM
Cost			
At 1 January 2010/ 31 December 2010/1 January 2011/ 31 December 2011	11,330	988,302	999,632
Amortisation and impairment loss			
At 1 January 2010	–	–	–
Amortisation for the year	–	328,626	328,626
At 31 December 2010/1 January 2011	–	328,626	328,626
Amortisation for the year	–	328,626	328,626
At 31 December 2011	–	657,252	657,252
Carrying amount			
At 1 January 2010	11,330	988,302	999,632
At 31 December 2010/1 January 2011	11,330	659,676	671,006
At 31 December 2011	11,330	331,050	342,380

5. INTANGIBLE ASSETS - GROUP (CONT'D)

5.1 Goodwill

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

5.2 Developments costs

Development costs principally comprise expenditure incurred on new products at development phase.

6. INVENTORIES - GROUP

	2011 RM	2010 RM
At cost		
Raw materials	9,690,220	12,710,352
Work-in-progress	4,443,404	3,806,295
Manufactured inventories	1,662,170	4,425,807
	15,795,794	20,942,454

7. TRADE AND OTHER RECEIVABLES

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Trade					
Trade receivables		26,983,338	29,059,756	–	–
Less : Impairment loss		–	(722,205)	–	–
		26,983,338	28,337,551	–	–
Non-trade					
Amount due from subsidiaries	7.1	–	–	21,638,827	21,879,961
Other receivables		82,110	151,425	–	–
Deposits		45,305	44,305	3,000	3,000
Prepayments		189,464	229,174	–	–
Dividend receivable		–	–	2,750,000	–
		316,879	424,904	24,391,827	21,882,961
		27,300,217	28,762,455	24,391,827	21,882,961

7.1 Amount due from subsidiaries

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

8. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Short term deposits with licensed banks	2,399,095	3,300,000	–	–
Cash and bank balances	5,527,628	3,945,623	35,346	15,401
	7,926,723	7,245,623	35,346	15,401

9. ASSETS CLASSIFIED AS HELD FOR SALE - GROUP

Non-current assets held for sale comprise the following :

	Leasehold land RM
Valuation (Note 3)	2,800,827
Accumulated depreciation (Note 3)	(241,276)
Carrying amount	2,559,551

The above property is classified as held for sale as the Company had on 4 October 2011 accepted a Letter of Intent from an external non-related party to purchase certain leasehold land of the Group for a total cash consideration of RM9,561,274. The disposal has yet to be completed pending execution of the Sale and Purchase Agreement (refer Note 28).

10. SHARE CAPITAL - GROUP AND COMPANY

	Amount	Par value	Number of shares
	RM	RM	
Ordinary shares			
Authorised :			
Balance at 1 January 2010	100,000,000	0.50	200,000,000
Share split	-	-	200,000,000
Balance at 31 December 2010/2011	100,000,000	0.25	400,000,000
Issued and fully paid :			
Balance at 1 January 2010	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/ 2011	61,833,333	0.25	247,333,333

11. RESERVES

		Group		Company	
	Note	2011	2010	2011	2010
		RM	RM	RM	RM
Non-distributable					
Reverse acquisition reserve	11.1	(26,639,691)	(26,639,691)	–	–
Revaluation reserve	11.2	6,706,812	6,706,812	–	–
Fair value reserve	11.3	23,200	9,600	–	–
Distributable					
Retained earnings		36,152,929	33,813,552	2,643,328	42,665
		16,243,250	13,890,273	2,643,328	42,665

Movements in reserves are shown in statements of changes in equity.

11.1 Reverse acquisition reserve

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

11.2 Revaluation reserve

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

11.3 Fair value reserve

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

12. DEFERRED TAX LIABILITIES - GROUP

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following :

	2011	2010
	RM	RM
Property, plant and equipment		
- Capital allowances	4,216,000	4,242,000
- Revaluation	2,096,000	2,136,000
Others	(2,000)	–
	6,310,000	6,378,000

12. DEFERRED TAX LIABILITIES - GROUP (CONT'D)

Recognised deferred tax liabilities (cont'd)

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

	At 1 January 2010	Recognised in profit or loss (Note 20)	At 31 December 2010	Recognised in profit or loss (Note 20)	At 31 December 2011
	RM	RM	RM	RM	RM
Property, plant and equipment					
- Capital allowances	4,174,000	68,000	4,242,000	(26,000)	4,216,000
- Revaluation	2,176,000	(40,000)	2,136,000	(40,000)	2,096,000
Others	–	–	–	(2,000)	(2,000)
	6,350,000	28,000	6,378,000	(68,000)	6,310,000

13. LOANS AND BORROWINGS - GROUP

	2011	2010
	RM	RM
Current :		
Unsecured :		
Bank overdraft	–	1,479,839
Secured :		
Term loans	2,022,620	3,170,397
Onshore foreign currency loan	–	3,237,603
Finance lease liabilities	105,434	100,008
	2,128,054	7,987,847
Non-current :		
Secured :		
Term loans	833,743	2,647,968
Finance lease liabilities	–	105,434
	833,743	2,753,402

13.1 Securities

The secured loans and borrowings are secured against the following :

i) legal charges over the Group's leasehold land and buildings (Note 3.2);
ii) debentures or fixed charges over certain machineries of the Group (Note 3.2); and
iii) corporate guarantee by the Company.

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

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

13.2 Finance lease liabilities

Finance lease liabilities are payable as follows :

	2011			2010		
	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	108,385	2,951	105,434	108,408	8,400	100,008
Between 1 and 5 years	–	–	–	108,385	2,951	105,434
	108,385	2,951	105,434	216,793	11,351	205,442

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade				
Trade payables	**11,061,734**	12,849,995	**–**	–
Non-trade				
Other payables	1,007,330	4,903,497	–	–
Accrued expenses	1,224,944	1,139,416	46,500	46,400
	2,232,274	6,042,913	46,500	46,400
	13,294,008	18,892,908	46,500	46,400

15. REVENUE

Group

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

Company

Revenue represents dividend income received from its subsidiaries.

16. EMPLOYEE BENEFITS EXPENSES

Employee benefits expenses include contributions to the Employees' Provident Fund of RM320,092 (2010 : RM326,375).

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

17. FINANCE COSTS - GROUP

	2011 RM	2010 RM
Interest paid and payable :		
Bank overdraft	–	1,480
Finance lease liabilities	8,400	14,834
Term loans	89,921	175,796
Bankers' acceptances	34,107	6,110
Export credit refinancing	–	25,883
Onshore foreign currency loan	9,466	65,277
	141,894	289,380

18. PROFIT BEFORE TAX

Profit before tax has been arrived at :

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
After charging :				
Auditors' remuneration				
- audit fees by KPMG Malaysia	47,000	47,000	14,000	14,000
- non-audit fees				
- KPMG Malaysia	5,000	5,000	5,000	5,000
- Local affiliate of KPMG Malaysia	11,500	11,000	2,500	2,000
Directors' emoluments				
- Directors of the Company				
- fees	110,000	110,000	110,000	110,000
- remuneration	1,088,959	943,386	–	–
- Other Directors' remuneration	309,598	330,661	–	–
- Past Director's remuneration	–	100,985	–	–
Bad debts written off	–	11,138	–	–
Rental of premises	3,600	3,300	–	–
Research and development expenses	34,736	34,253	–	–
Plant and equipment written off	–	2,142	–	–
Loss on foreign exchange				
- realised (net)	–	383,335	–	–
Impairment loss on unquoted shares	–	7,520	–	–
and after crediting :				
Dividends income from :				
- shares quoted in Malaysia	5,400	–	–	–
- subsidiaries (unquoted)	–	–	8,333,200	2,500,000
Gain on foreign exchange				
- realised (net)	32,568	–	–	–
- unrealised (net)	355,846	532,708	–	–
Finance income	43,006	68,629	–	–
Gain on disposal of plant and equipment	80,498	26,997	–	–
Reversal of impairment loss on trade receivables	55,881	–	–	–

19. KEY MANAGEMENT PERSONNEL COMPENSATIONS

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors' fee	110,000	110,000	110,000	110,000
Directors' remunerations	1,398,557	1,375,032	–	–
Total short-term employee benefits	1,508,557	1,485,032	110,000	110,000

The estimated monetary value of Directors' benefit-in-kind is RM53,125 (2010 : RM Nil).

20. INCOME TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Income tax expense on continuing operations	1,088,166	1,072,646	521,348	–

Major components of income tax expense include :

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current tax expense				
- Current year	1,158,223	1,031,000	551,523	–
- Prior year	(2,057)	13,646	(30,175)	–
Total current tax recognised in profit or loss	1,156,166	1,044,646	521,348	–
Deferred tax expense				
- Origination of temporary differences	21,000	219,000	–	–
- Prior year	(89,000)	(191,000)	–	–
Total deferred tax recognised in profit or loss	(68,000)	28,000	–	–
Total income tax expense	1,088,166	1,072,646	521,348	–

20. INCOME TAX EXPENSE (CONT'D)

Reconciliation of effective income tax expense

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit for the year	7,286,043	9,310,852	7,547,329	2,165,082
Total income tax expense	1,088,166	1,072,646	521,348	–
Profit excluding tax	8,374,209	10,383,498	8,068,677	2,165,082
Income tax calculated using Malaysian tax rate of 25% (2010 : 25%)	2,093,552	2,595,875	2,017,169	541,271
Non-deductible expenses	309,053	416,920	34,354	83,729
Tax incentives	(1,160,976)	(1,682,722)	–	–
Non-taxable income	(22,784)	(27,937)	(1,500,000)	(625,000)
Reversal of deferred tax on revaluation of properties	(40,000)	(40,000)	–	–
Other items	378	(12,136)	–	–
Over provision in prior years	(91,057)	(177,354)	(30,175)	–
Income tax expense	1,088,166	1,072,646	521,348	–

21. DIVIDENDS

Dividends recognised by the Company are :

	2011 RM	2010 RM
In respect of the financial year ended 31 December 2009		
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
Single tier final dividend of 1 sen per ordinary share paid on 18 July 2011	2,473,333	–
In respect of the financial year ended 31 December 2011		
Single tier interim dividend of 1 sen per ordinary share paid on 18 October 2011	2,473,333	–
	4,946,666	4,946,666
Dividends per ordinary share (sen)	2.00	2.00

After the end of the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

	Sen	Total amount RM
Single tier final 2011 ordinary share	1	2,473,333

The dividends per ordinary share as disclosed above take into account the total interim and proposed final dividends for the financial year.

22. BASIC EARNINGS PER ORDINARY SHARE - GROUP

The calculation of basic earnings per ordinary share is based on the profit attributable to the owners of the Company of RM7,286,043 (2010 : RM9,310,852) and on the weighted average number of ordinary shares outstanding during the financial year of 247,333,333 (2010 : 247,333,333), and calculated as follows:

	2011 '000	2010 '000
Issued ordinary shares at beginning of year	247,333	106,000
Effect of share split	–	106,000
Effect of bonus issue	–	35,333
	247,333	247,333

23. 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's 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 amounts of non-current assets do not include financial instruments and deferred tax assets.

Geographical information	Revenue RM'000	Non-current assets RM'000
2011		
Malaysia	90,077	46,991
Japan	41,095	–
European countries	6,512	–
Australia	6,623	–
Other countries	4,654	–
	148,961	46,991
2010		
Malaysia	98,483	54,561
Japan	40,832	–
European countries	7,440	–
Australia	3,862	–
Other countries	5,475	–
	156,092	54,561

23. OPERATING SEGMENTS - GROUP (CONT'D)

Major customers

The Group does not have any major customers with revenue equal or more than 10% of the Group's total revenue for 2011 and 2010.

24. RELATED PARTIES

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

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

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

	Company	
	2011	**2010**
	RM	**RM**
Subsidiaries		
Dividends received/receivable	8,333,200	2,500,000

The non-trade balances with related companies are disclosed in Note 7 to the financial statements and are expected to be settled in cash by the related parties.

25. CONTINGENT LIABILITIES (UNSECURED) - COMPANY

i) The Company has issued corporate guarantees to financial institutions for banking facilities granted to its subsidiaries up to limits of RM104.2 million (2010: RM104.3 million) of which RM4.8 million (2010 : RM11.0 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 RM28.0 million (2010 : RM9.0 million) of which RM7.7 million (2010 : RM7.8 million) was utilised as at the end of the reporting date.

26. FINANCIAL INSTRUMENTS

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).

	Carrying amount RM	L&R RM	AFS RM
Group			
2011			
Financial assets			
Other investments	233,558	–	233,558
Trade and other receivables	27,065,448	27,065,448	–
Cash and cash equivalents	7,926,723	7,926,723	–
	35,225,729	34,992,171	233,558
2010			
Financial assets			
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			
2011			
Financial assets			
Trade and other receivables	24,388,827	24,388,827	–
Cash and cash equivalents	35,346	35,346	–
	24,424,173	24,424,173	–
2010			
Financial assets			
Trade and other receivables	21,879,961	21,879,961	–
Cash and cash equivalents	15,401	15,401	–
	21,895,362	21,895,362	–

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 Categories of financial instruments (cont'd)

Group	Carrying amount RM	OL RM
2011		
Financial liabilities		
Loans and borrowings	2,961,797	2,961,797
Trade and other payables	13,294,008	13,294,008
	16,255,805	16,255,805
2010		
Financial liabilities		
Loans and borrowings	10,741,249	10,741,249
Trade and other payables	18,892,908	18,892,908
	29,634,157	29,634,157

Company	Carrying amount RM	OL RM
2011		
Financial liabilities		
Trade and other payables	46,500	46,500
2010		
Financial liabilities		
Trade and other payables	46,400	46,400

26.2 Net gains and losses arising from financial instruments

	Group	
	2011 RM	**2010 RM**
Available-for-sale financial assets		
- recognised in other comprehensive income	13,600	9,600
- recognised in profit or loss	–	(7,520)
Loans and receivables (net)	55,881	–
	69,481	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 advances to subsidiaries and financial guarantees given to banks and a non-financial institution 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.

Receivables amounting to RM1,100,661 (2010 : RM887,279) of the Group is secured by financial guarantees given by banks of the customers.

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

	Group	
	2011	**2010**
	RM	**RM**
Domestic	17,558,947	18,616,968
Japan	6,504,875	6,796,289
Australia	1,827,397	1,853,323
European countries	569,659	649,809
Others	522,460	421,162
	26,983,338	28,337,551

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses

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

Group	Gross RM	Individual impairment RM	Net RM
2011			
Not past due	20,323,314	–	20,323,314
Past due 1 - 30 days	4,184,558	–	4,184,558
Past due 31 - 120 days	2,012,722	–	2,012,722
Past due more than 120 days	462,744	–	462,744
	26,983,338	–	26,983,338
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

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

	Group 2011 RM	Group 2010 RM
At 1 January	722,205	722,205
Impairment loss reversed	(55,881)	–
Impairment loss written off	(666,324)	–
At 31 December	–	722,205

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.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit risk (cont'd)

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.

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 RM4.8 million (2010 : RM11.0 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 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 statements of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the 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 years RM	2 - 3 years RM	More than 3 years RM
2011							
Non-derivative financial liabilities							
Secured term loans							
- JPY	2,856,363	2.05	2,902,022	2,062,607	817,405	22,010	-
Finance lease liabilities	105,434	2.80	108,385	108,385	–	–	-
Trade and other payables	13,294,008	–	13,294,008	13,294,008	–	–	-
	16,255,805		16,304,415	15,465,000	817,405	22,010	-
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	–	–	–
Unsecured 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	18,892,908	–	18,892,908	18,892,908	–	–	–
	29,634,157		29,779,636	26,981,362	2,020,071	757,769	20,434

Company	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 3 years RM	More than 3 years RM
2011							
Non-derivative financial liabilities							
Trade and other payables	46,500	–	46,500	46,500	–	-	-
2010							
Non-derivative financial liabilities							
Trade and other payables	46,400	–	46,400	46,400	–	–	–

26. FINANCIAL INSTRUMENTS (CONT'D)

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 2011.

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**
2011				
Trade receivables	7,155,297	2,270,211	–	–
Cash and cash equivalents	4,807,762	658,562	–	98
Secured term loans	–	(2,856,363)	–	–
Trade and other payables	(2,507,450)	–	(2,023)	–
Net exposure	9,455,609	72,410	(2,023)	98
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

26. FINANCIAL INSTRUMENTS (CONT'D)

26.6 Market risk (cont'd)

26.6.1 Currency risk (cont'd)

Currency risk sensitivity analysis

A 10% (2010 : 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	
	2011	**2010**
Group	**RM**	**RM**
USD	(709,171)	(339,400)
JPY	(5,431)	208,063
THB	(7)	(10,034)
EURO	152	294,873

A 10% (2010 : 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.

26.6.2 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	
	2011	**2010**
	RM	**RM**
Fixed rate instruments		
Financial assets	2,399,095	3,300,000
Financial liabilities	(105,434)	(205,442)
	2,293,661	3,094,558
Floating rate instruments		
Financial liabilities	(2,856,363)	(10,535,807)

26. FINANCIAL INSTRUMENTS (CONT'D)

26.6 Market risk (cont'd)

26.6.2 Interest rate risk (cont'd)

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**
Group	**RM**	**RM**
2011		
Floating rate instruments	(21,423)	21,423
2010		
Floating rate instruments	(79,019)	79,019

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 amounts approximate fair values 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 :

	2011		**2010**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets				
Investments in				
- Quoted shares	124	124	110	110
- Unquoted shares	109	109	109	109
Financial liabilities				
Finance lease liabilities	105	#105	205	# 205

26. FINANCIAL INSTRUMENTS (CONT'D)

26.7 Fair values (cont'd)

Recognised financial instruments (cont'd)

\# The fair value of fixed rate financial instruments are determined by discounting the relevant cash flows using current interest rates for similar financial instruments 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 these financial instruments therefore, closely approximate their carrying values as at the end of the reporting period.

Fair value of quoted investments 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 report of the investee.

26.7.1 Fair value hierarchy

Comparative figures have not been presented for 31 December 2010 by virtue of paragraph 44G of FRS 7.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows :

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : Inputs for the asset or liability that are not based on observable market date (unobservable inputs).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2011				
Financial assets				
Investment in quoted shares	124	–	–	124
Investment in unquoted shares	–	–	109	109

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 are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

During 2011, the Group's policy is keep the Group net gearing ratio at a level deemed appropriate considering business, economic and investment conditions. The debt-to-equity ratios at 31 December 2011 and at 31 December 2010 were as follows :

	2011 RM'000	2010 RM'000
Total borrowings (Note 13)	2,962	10,741
Less : Cash and cash equivalents (Note 8)	(7,927)	(7,245)
Net debt	#	3,496
Total equity	78,077	75,724
Debt-to-equity ratios	#	0.05

\# Not applicable due to net cash position

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

28. SUBSEQUENT EVENT

On 4 October 2011, the Group received and accepted a Letter of Intent ("LOI") from an external non-related party to purchase three pieces of industrial leasehold land for a total cash consideration of RM9,561,274.

Subsequent to the end of the reporting period, the Group received an amendment to the LOI on 9 January 2012 in relation to the extension of due diligence exercise period from three (3) months to six (6) months. On 3 April 2012, the Group received another amendment to the LOI to extend the time for due diligence exercise until 30 May 2012. Due to the extension of time for the completion of due diligence exercise, the signing date for a formal Sale and Purchase Agreement has been extended accordingly.

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

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements are as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of the Company and its subsidiaries				
- realised	40,011	37,523	2,643	43
- unrealised	(3,858)	(3,709)	–	–
Total retained earnings	36,153	33,814	2,643	43

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profit 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.

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	2,298,332 (i)	0.93	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

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	2,298,332 (i)	0.93	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
Khaw Choon Choon	1,149,166	0.46	–	–	–	–
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	38	2.90	1,311	0.00
100 – 1,000	516	39.39	130,702	0.05
1,001 – 10,000	348	26.57	1,834,822	0.74
10,001 – 100,000	327	24.96	11,559,984	4.68
100,001 – 12,366,665	78	5.95	65,712,890	26.57
12,366,666 and above	3	0.23	168,093,624	67.96
TOTAL	**1,310**	**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.	CHEW SHEAU CHING	10,114,000	4.09
6.	LAU SU LIN	5,848,266	2.36
7.	ONG PAIK SUIT	5,605,366	2.27
8.	ONG PAIK LOI	4,885,900	1.98
9.	CHUAH CHIN KOK	4,686,166	1.90
10.	LAU SU LIN	3,147,500	1.27
11.	GOH BEE LENG	3,034,000	1.23
12.	YEOH KHENG HOE	2,810,133	1.14
13.	KHAW SIANG HEE	1,170,000	0.47
14.	LEE CHEONG KEAT @ LEE CHONG KEAT	1,165,000	0.47
15.	KHAW SEANG SENG	1,149,166	0.47
16.	KHAW SEANG GHEE	1,149,166	0.47
17.	KHAW CHOON CHOON	1,149,166	0.47
18.	KHAW CHOON HOONG	1,096,666	0.44
19.	DING HONG SING	970,000	0.39
20.	CHUAH HOO JIN	859,600	0.35
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.	ONG SAW KEOK	679,533	0.28
26.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD LIM TIAN HUAT (T–471388)	471,200	0.19
27.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI BOON SENG (E–SPI)	420,000	0.17
28.	TEH BEE CHEONG	416,000	0.17
29.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NANCY TAN (E–TWU)	408,800	0.16
30.	AIBB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH HONG HWA	400,000	0.16
	TOTAL	222,630,652	90.02

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	6 – 17 years	471,082/ 303,920	22,066	1992/1994 (Revalued in 2006)
H.S.(M) No. 11813, P.T. 81, Kawasan Perusahaan Kulim, Kulim, Kedah Darul Aman	Vacant Industrial land	60 years lease commencing from 13 December 1989 expiring on 12 December 2049	Not applicable	165,528/ Not applicable	1,316	2007
PM 788 Lot No. 4820 S38 (previously 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 14 May 2049	Not applicable	77,156/ Not applicable	629	2008
PM 787 Lot No. 4819 S38 (previously 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 May 2049	Not applicable	76,025/ Not applicable	614	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 Seventh Annual General Meeting ("AGM") of the Company, to be held at Sunway Hotel, Nyatoh Room, 11 Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, Prai, 13600 Penang on Monday, 18 June 2012 at 10.30 a.m. and any adjournment thereof.

No	Ordinary Resolutions	For	Against
1.	To approve single tier Final Dividend of 1 sen per ordinary share		
2.	To re-elect Mr. Leow Chan Khiang as Director		
3.	To re-elect Mr. Chan Wah Chong as Director		
4.	To approve payment of Directors' fees		
5.	To re-appoint Auditors		
6.	To empower Directors to issue and allot shares pursuant to Section 132D of the Companies Act 1965		
7.	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 ________ 2012.

____
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. Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
4. 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.
5. 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.
6. For the purpose of determining a member who shall be entitled to attend this Seventh AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with the Article 62(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 12 June 2012. Only a depositor whose name appears on the Record of Depositors as at 12 June 2012 shall be entitled to the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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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