ANNUAL REPORT 2010

TEK SENG HOLDINGS BERHAD
(company No. 579572-M)

CONTENTS

CORPORATE PROFILE

Tek Seng Holdings Berhad ("TekSeng") was incorporated in Malaysia under the Company Act, 1965 on 10 May 2002 as a private limited company under the name of Tek Seng Holdings Sdn. Bhd. On 16 May 2003, it was converted to a public limited company and assumed its present name. TekSeng was listed on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities") on 2 November 2004. On 22 September 2006, TekSeng was successful transferred from the Second Board to the Main Board of Bursa Securities.

TekSeng is an investment holding company. Its subsidiaries are principally engaged in manufacturing and trading of polyvinyl chloride related products and PP non-woven products and letting of properties.

The Group has a track record of more than 30 years in the plastics industry with the late Loh Phah Seng @ Loh Boon Teik as the original founder until 1989, when Loh Kok Beng, his eldest son took over the management of the business.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman
Mr. Loh Kok Beng

Managing Director
Mr. Loh Kok Cheng

Executive Director
Mdm. Loh Joo Eng

Independent Non-Executive Director
Mr. Ong Eng Choon
Dr. Kamarudin Bin Ngah
Mr. Mohamed Haniffah Bin S.M. Mydin

AUDIT COMMITTEE

Independent Non-Executive Director
Mr. Ong Eng Choon (Chairman)

Independent Non-Executive Director
Dr. Kamarudin Bin Ngah
Mr. Mohamed Haniffah Bin S.M. Mydin

REMUNERATION COMMITTEE

Independent Non-Executive Director
Dr. Kamarudin Bin Ngah (Chairman)

Independent Non-Executive Director
Mr. Ong Eng Choon
Mr. Mohamed Haniffah Bin S.M. Mydin

Executive Director
Mr. Loh Kok Beng

NOMINATION COMMITTEE

Independent Non-Executive Director
Mr. Mohamed Haniffah Bin S.M. Mydin (Chairman)

Independent Non-Executive Director
Dr. Kamarudin Bin Ngah
Mr. Ong Eng Choon

COMPANY SECRETARIES

Mr. Lee Peng Loon (MACS 01258)
Ms. P'ng Chiew Keem (MAICSA 7026443)

REGISTERED OFFICE

51-21-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
Telephone No : (04) 210 8833
Facsimile No : (04) 210 8831
Email : sec@corporatenet.com.my

SHARE REGISTRAR

Plantation Agencies Sdn. Berhad (2603-D)
3rd Floor, Standard Chartered Bank Chambers
Beach Street
10300 Penang
Telephone No : (04) 262 5333
Facsimile No : (04) 262 2018
Email : sharereg@plantationagencies.com.my

EXTERNAL AUDITORS

UHY (AF 1411)
Chartered Accountants
51-21-F, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

PRINCIPAL BANKERS

AmBank (M) Berhad (295576-U)
EON Bank Berhad (92351-V)
Hong Leong Bank Berhad (97141-X)
Malayan Banking Bhd (3813-K)
OCBC Bank (Malaysia) Berhad (295400-W)
Public Bank Berhad (6463-H)
Standard Chartered Bank Malaysia Berhad (115793-P)
United Overseas Bank (Malaysia) Bhd (271809-K)

SOLICITORS

Salina, Lim Kim Chuan & Co.
Advocate & Solicitor
(Corporate Division)
51-15-C2, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Board
Stock Code : 7200

CORPORATE STRUCTURE

(42879-T)
TEK SENG SDN. BHD.
TRADING
100%

WANGSAGA®
(347584-P)
WANGSAGA INDUSTRIES SDN. BHD.
MANUFACTURING
100%

TEK SENG HOLDINGS BERHAD
(Company No. 579572-M)

(233444-T)
DOUBLE GRADE NON-WOVEN INDUSTRIES SDN. BHD.
MANUFACTURING & LETTING OF PROPERTIES
100%

(216849-M)
PELANGI SEGI SDN. BHD.
TRADING
100%

Solartech
(920573-K)
TS SOLARTECH SDN. BHD.
MANUFACTURING 60%

DIRECTORS' PROFILE

MR. LOH KOK BENG
Malaysian, 45 years of age
Executive Chairman
Member of Remuneration Committee

Mr. Loh Kok Beng was appointed as a Director of Tek Seng Holdings Berhad on 16 August 2004. He is currently responsible for the Group financial and administrative affairs, and development of the strategic business plans for the Group.

He graduated from Han Chiang High School in 1984 with Sijil Pelajaran Malaysia and has approximately 26 years of working experience in the PVC based industry particularly in PVC calendaring, printing and lamination.

He sits on the Board of several private limited companies.

He is the brother of Mr. Loh Kok Cheng, a Director and major shareholder and Madam Loh Joo Eng, a Director of the Company. He does not have any conflict of interest in any business arrangement involving the Company except as disclosed in the Financial Statements.

He attended all four Board Meetings held during the financial year ended 31 December 2010.

MR. LOH KOK CHENG
Malaysian, 44 years of age
Managing Director

Mr. Loh Kok Cheng was appointed as a Director of Tek Seng Holdings Berhad on 16 August 2004.

He graduated from Chung Ling High School in 1985 and has 21 years of experience in plastics industry. He is responsible for the operations of sales and marketing divisions and expansion of the overseas market for the Group.

He sits on the Board of several private limited companies.

He is the brother of Mr. Loh Kok Beng, a Director and major shareholder and Madam Loh Joo Eng, a Director of the Company. He does not have any conflict of interest in any business arrangement involving the Company except as disclosed in the Financial Statements.

He attended three of the four Board Meetings held during the financial year ended 31 December 2010.

DR. KAMARUDIN BIN NGAH
Malaysian, 51 years of age
Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Audit Committee
Member of Nomination Committee

Dr. Kamarudin Bin Ngah was appointed as a Director of Tek Seng Holdings Berhad on 16 August 2004.

He holds a Doctorate of Philosophy in Development and Planning. He was with Malayan Banking Berhad from June 1984 to June 1985 as a sub-Accountant 1. He was a Councilor for Seberang Perai Municipality Council from 1999 to 2001. He is presently a Researcher with the Centre of Policy Research, University Sains Malaysia.

He does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.

He attended all four Board Meetings held during the financial year ended 31 December 2010.

MR. MOHAMED HANIFFAH BIN S.M. MYDIN
Malaysian, 58 years of age
Independent Non-Executive Director
Chairman of Nomination Committee
Member of Remuneration Committee
Member of Audit Committee

Mr. Mohamed Haniffah Bin S.M. Mydin was appointed as a Director of Tek Seng Holdings Berhad on 16 October 2006.

Mr. Mohamed Haniffah Bin S.M. Mydin started his career as an officer in Koperasi Usaha Bersatu Malaysia Bhd in March 1981 and later was promoted to Assistant Manager. In January 1983, Mr. Mohamed was seconded to JUB Credit & Leasing Sdn. Bhd. as a General Manager where he was in charge of the credit & leasing operations. He left JUB Credit & Leasing Sdn. Bhd. in March 1985.

In April 1985, Mr. Mohamed joined Advanced Electronics (M) Sdn. Bhd. ("AESB"), a wholly-owned subsidiary of Idris Hydraulic (Malaysia) Bhd as a Senior Manager. He was later promoted to the position of Group General Manager. Mr. Mohamed was responsible for an array of business portfolios including the restructuring exercise, strategic planning, business development and financial matters of AESB.

In November 1995, Mr. Mohamed left AESB and ventured into his own business. Shortly, he joined Instangreen Corporation Bhd which was under the Corporate Debt Restructuring Committee as the Chief Operating Officer. He was involved in the financial and business restructuring of Instangreen Corporation Bhd until it was re-floated under its new name of LBS Bina Bhd.

Mr. Mohamed re-joined AESB Group in August 1999 to re-strategise the consumer home electrical business. In early 2005, he partnered with a senior officer of AESB's holding company, jointly acquired the entire group of AESB under a Management Buy-Out Scheme. AESB was later sold to a third party where he resigned as the Chief Executive Officer of AESB in July 2006.

He does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.

He attended all four Board Meetings held during the financial year ended 31 December 2010.

MR. ONG ENG CHOON
Malaysian, 59 years of age
Independent Non-Executive Director
Chairman of Audit Committee
Member of Remuneration Committee
Member of Nomination Committee

Mr. Ong Eng Choon was appointed as a Director of Tek Seng Holdings Berhad on 16 August 2004.

He graduated from Tunku Abdul Rahman College, Kuala Lumpur with the Diploma of Business Administration and has 33 years of tax experience of which 3 years were spent with the Inland Revenue Board, 10 years with one of the top four accounting firms before becoming the Managing Director of Taxnet Consultants Sdn. Bhd.

He is a Chartered Accountant (Malaysia), a Fellow Member of the Chartered Association of Certified Accountants (FCCA), an Associate Member of the Institute of Chartered Secretaries and Administrators (ICSA) and also an Associate Member of the Chartered Tax Institute of Malaysia.

Mr. Ong is also an Independent Non-Executive Director of Chin Well Holdings Berhad, Elsoft Research Berhad, Public Packages Holdings Berhad, Nagamas International Berhad and Tambun Indah Land Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.

He attended three of the four Board Meetings held during the financial year ended 31 December 2010.

MDM. LOH JOO ENG
Malaysian, 51 years of age
Executive Director

Mdm. Loh Joo Eng was appointed as a Director of Tek Seng Holdings Berhad on 16 August 2004.

She is responsible for the daily operations and procurement of raw materials for the Group. She has more than 26 years of experience in PVC based industry. She graduated from Penang Chinese Girls' High School in 1978 with Malaysia Certificate of Education.

She sits on the Board of several private limited companies.

She is the sister to Mr. Loh Kok Beng and Mr. Loh Kok Cheng, who are the Directors and major shareholders of the Company. She does not have any conflict of interest in any business arrangement involving the Company except as disclosed in the Financial Statements.

She attended all four Board Meetings held during the financial year ended 31 December 2010.

CONVICTION OF OFFENCE

None of the Directors have been convicted of any offences within the past 10 years other than traffic offences, if any.

DIRECTORS' SHAREHOLDINGS

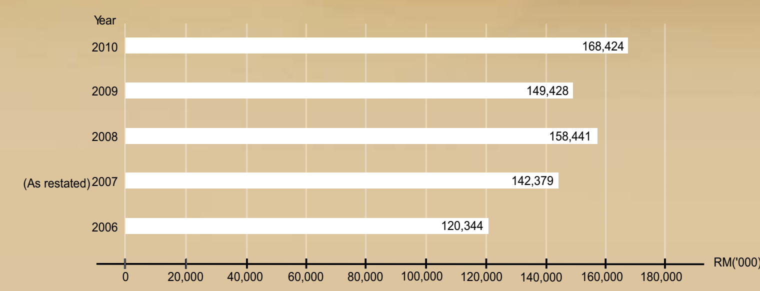
The details of the Directors' shareholdings in the Company are set out under the Statistics on Shareholdings in page 64 of this Annual Report.

FINANCIAL HIGHLIGHTS

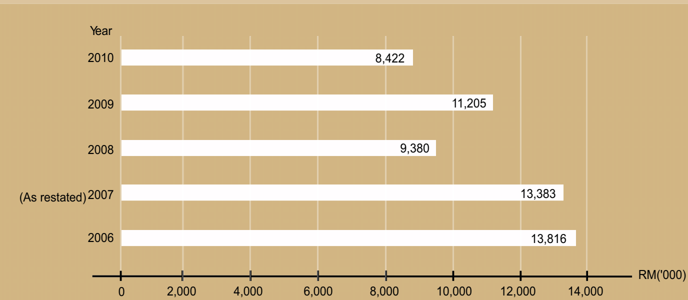
	GROUP	GROUP	GROUP	GROUP	GROUP
	2006	(As restated) 2007	2008	2009	2010
Revenue (RM'000)	120,344	142,379	158,441	149,428	168,424
Profit Before Tax and MI (RM'000)	13,816	13,383	9,380	11,205	8,422
Profit After Tax and MI (RM'000)	10,120	11,626	10,711	10,505	6,022
Gross Earnings Per Share (Sen)	5.76	5.58	3.91	4.67	3.51
Net Earnings Per Share (Sen)	4.22	4.84	4.46	4.38	2.52

FINANCIAL HIGHLIGHTS (CONT'D)

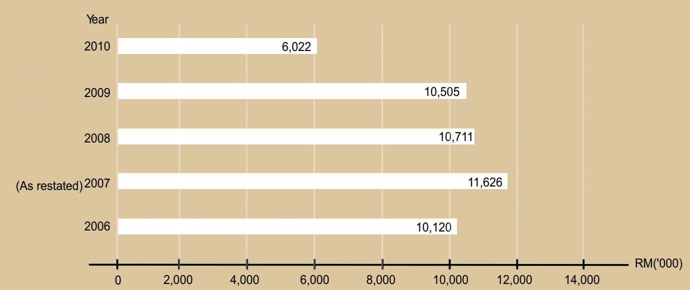
Revenue



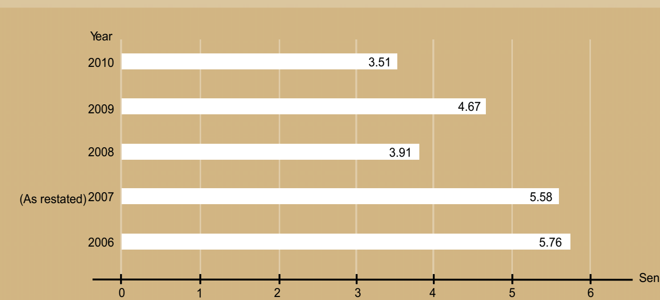
Profit Before Tax and MI



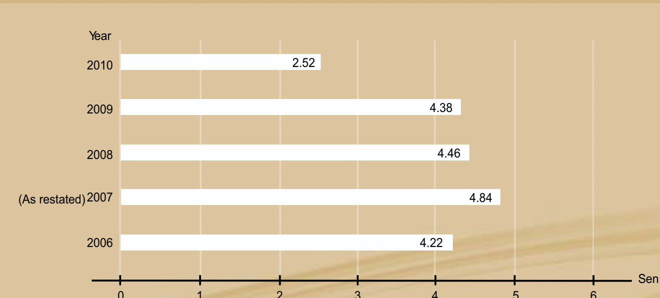
Profit After Tax and MI



Gross Earnings Per Share



Net Earnings Per Share



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Tek Seng Holdings Berhad, it is my pleasure to present to you the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2010.

Business Environment

The year 2010 had embarked on a path of gradual economic recovery after the global financial crisis. The positive signs of stabilisation of the global economy had build momentum and gradually restored the PVC products' demand in the international trade. However, the escalated cost of raw materials during the year had affected our profit margins despite our Group had achieved a healthy increase in revenue.

Financial Performance

For the financial year ended 31 December 2010, our Group's revenue increased by 12.71% to RM168.4 million as compared with the preceding year. The profit after tax decreased to RM6 million for the year under review. As at 31 December 2010, our shareholders' equity stood at RM117.5 million as compared with RM115 million as at the end of the previous financial year.

Dividends

In line with our Group's performance and to continually reward our loyal shareholders, our Board has recommended a first and final dividend of 2.0 sen per ordinary share less tax subject to the shareholders' approval at the forthcoming Annual General Meeting.

Outlook and Prospects

The political uncertainty in the middle east has pushed the crude oil prices to rise which would also lead to the increase in the price of raw materials.

Nevertheless, our Group will take cautious approach to minimize the exposure from the challenging operating environment and global volatility. To stay competitive, our Group will continue to focus on cost control, improving our operational efficiency and product quality as well as enhancement of our product range and uphold ourselves as a leading one-stop PVC products supplier in the region.

Acknowledgement

On behalf of the Board of Directors, I would like to express my gratitude to our loyal shareholders for their continued support; to our valued customers, business associates, bankers and all relevant authorities for their confidence and trust in Tek Seng Group.

Last but not least, I would like to express my appreciation and thanks to all my fellow directors, the management and staff for their hard work and commitment in bringing Tek Seng Group to greater heights.

CORPORATE SOCIAL RESPONSIBILITY

Tek Seng Group acknowledges the importance of Corporate Social Responsibility ("CSR") in fostering a good business culture and practices. Our CSR objective is to be a socially responsible corporate in today's world with continuous efforts to contribute and extend our responsibilities to our employees, the community and the development of our country. The various CSR initiatives undertaken by the Group are summarized below:

WORKPLACE

Health & Safety

In ensuring and providing a safe and conducive working environment for our employees, the Group had implemented various programmes such as fire drill, techniques of fire-fighting and prevention, handling of emergency situations, preventive and first aid trainings during the financial year.

Sports and Wellness

Recognised the need to create harmony, better working relationships, co-operations and teamwork amongst the employees, our Group had supported and organized various sports and recreational activities during the financial year.

COMMUNITY

In order to uphold our CSR's objective, our Group had made donations to various non-profit organisations such as Yayasan Sultan Idris Shah, Beautiful Gate Foundation For The Disabled, Pusat Hemodialisis Mawar, Yayasan Kebajikan SSL Strok, Montfort Boys Town and other orphanage/handicapped/charitable homes during the financial year for the purpose of assisting less fortunate communities in improving their lives and also in an effort to contribute to the local education sector.

ENVIRONMENTAL

Apart from contributing to the community in terms of economic value, the Group also acknowledges its role in preserving and conserving the environment. The Group had undertaken various measures and explored feasible opportunities during the financial year to minimise any adverse impact from manufacturing operations, waste disposals and products' design and packaging.

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors acknowledges the importance of maintaining good corporate governance in the Group. To achieve this objective, the Board has initiated moves to ensure that the principles of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibility to protect and enhance shareholders' value as well as the financial performance of the Group.

The Board has complied with most of the best practices as set out under Part 2 of the Malaysian Code on Corporate Governance ("the Code") and is pleased to present its report on the extent of its compliance with the Code.

THE BOARD OF DIRECTORS

There are presently six (6) Board members in Tek Seng Holdings Berhad comprising three (3) Non-Independent Executive Directors and three (3) Independent Non-Executive Directors. The composition equips the Board with the necessary skills of business, financial and technical experience to effectively lead and control the Company. The profile of each Director is set out in pages 4 to 6 of this Annual Report.

There is a clear division of responsibility between the roles of the Chairman and the Managing Director to ensure that there is a balance of power and authority. Currently, the Board is chaired by Mr. Loh Kok Beng whose responsibility is to ensure Board effectiveness, implementation of Board policies and decisions, corporate affairs and overall financial performance of the Group.

Mr. Loh Kok Cheng, the Managing Director leads the management in the operations and has overall responsibility over the operation units and organisational effectiveness.

The roles of the Independent Non-Executive Directors is vital for the successful direction of the Group as they provide independent professional views, advice and decisions to take into account the interest of the Group, shareholders, employees, customers, suppliers and many others of which the Group conducts business.

SUPPLY OF INFORMATION

The Board is provided with sufficient and timely information to enable it to discharge its duties effectively. At least seven (7) days prior to Board Meetings, all Directors are provided with agendas and Board Papers to enable the Directors to participate actively in the meetings.

All Directors have access to the advice and services of the Company Secretaries in carrying out their duties and to ensure all rules, requirements and regulations are complied with.

All Directors may obtain further information which they may require in discharging their duties such as seeking independent professional advice at the Company's expense, if necessary.

The Board should receive information that is not just historical or bottom line and financial oriented, but information that goes beyond assessing the quantitative performance of the enterprise, and looks at other performance factors, such as customer satisfaction, product and service quality, market share, market reaction, environmental performance and so on, when dealing with any item on the agenda.

APPOINTMENT / RE-ELECTION OF DIRECTORS

In accordance with the Memorandum and Articles of Association of the Company, one third (1/3) of the Directors shall retire from office every year at the Annual General Meeting and be eligible for re-election. Provided always that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election.

COMPOSITION

The Nomination Committee consists of:

Name	Designation	Directorate
Mr. Mohamed Haniffah Bin S.M. Mydin	Chairman	Independent Non-Executive Director
Mr. Ong Eng Choon	Member	Independent Non-Executive Director
Dr. Kamarudin Bin Ngah	Member	Independent Non-Executive Director

TERMS OF REFERENCE

Appointment/Composition

1. The Nomination Committee shall be appointed by the Board of Directors.
2. The Nomination Committee shall consist of not less than 2 members.
3. All the Nomination Committee members must be non-executive directors, with a majority of them being independent directors.
4. The chairman of the Nomination Committee must be an independent director and shall be appointed by the Board of Directors. In the absence of the chairman of the Nomination Committee, the remaining members present shall elect one of their number to chair the meeting.

Meetings

1. The Nomination Committee shall meet at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board of Directors for approval and at such times, whenever they deemed necessary.
2. The quorum of the Nomination Committee meeting shall be 2 members and comprised of a majority of independent directors.
3. The Company Secretary or the representative of the Company Secretary shall act as the secretary of the Nomination Committee.
4. Participants may be invited from time to time to attend the Nomination Committee meeting depending on the nature of the subject under review. These participants may include the executive directors, the chief executive officer, the head of Human Resource and external advisers or experts.

Authority

The Nomination Committee is authorised by the Board of Directors to carry out the duties mentioned below and the other directors and employees shall give all assistance that is necessary to enable the Nomination Committee to discharge its duties.

The Nomination Committee shall, whenever necessary and reasonable for the performance of its duties and at the Company's cost to obtain independent professional or other advice.

Duties and Responsibilities

1. To regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes or adjustments that are deemed necessary.

2. To annually review the required mix of skills, experience, competencies, effectiveness and other qualities of the Board as a whole, the committees of the Board, and for assessing the contribution of each individual director, including non-executive directors, as well as chief executive officer.

3. To review and recommend to the Board, the candidates for all directorships to be filled by the shareholders or the Board, as and when they arise. In making its recommendations, the Nomination Committee should consider the candidates' -
   i) skills, knowledge, expertise and experience;
   ii) professionalism;
   iii) integrity; and
   iv) in the case of candidates for the position of independent non-executive directors, to evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.

4. To give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and what skills and expertise are therefore needed on the Board in the future.

5. To review and recommend to the Board for the appointment and/or continuation in office of the managing director, executive directors and chief executives of the Group, subject to the provision of the laws and their service contract, if any.

6. To review and recommend to the Board for the appointment and continuation in office of any director who has reached the age of 70, having due regard to their performance, skills and experience required.

7. To review and recommend to the Board for the re-election of directors who retire by rotation pursuant to the provision of the Company's Articles of Association, having due regard to their performance, skills and experience required.

DIRECTORS' TRAINING

All the Directors had attended the Mandatory Accreditation Programme (MAP). For the year under review, all the Directors had attended seminars, trainings and courses to keep abreast with the development of the business environment as follows:-

Name	Description of training
Mr. Loh Kok Beng	Occupational First Aid & CPR
	Fire Fighting & Prevention
Mr. Loh Kok Cheng	Occupational First Aid & CPR
	Fire Fighting & Prevention
Mdm. Loh Joo Eng	Occupational First Aid & CPR
	Fire Fighting & Prevention
	SAP Business One
Mr. Ong Eng Choon	2011 Budget Seminar - Hightlights & Implications
	Financial Reporting Standards (FRS) Workshop 2010
	Making the most of Double Tax Agreements
	Corporate Governance Guide - Towards Boardroom Excellence
	Workshop on Analysis of Recent Tax Casas, Construing Court Decisions & Managing Tax Appeals Efficiently
Dr. Kamarudin Bin Ngah	Kerja Sosial Dalam Kebangsaan
Mr. Mohamed Haniffah Bin S.M. Mydin	Corporate Directors Training Programme

DIRECTORS' REMUNERATION

The Remuneration Committee of the Company consists of mainly Independent Non-Executive Directors.

The Remuneration Committee consists of:

Name	Designation	Directorate
Dr. Kamarudin Bin Ngah	Chairman	Independent Non-Executive Director
Mr. Ong Eng Choon	Member	Independent Non-Executive Director
Mr. Mohamed Haniffah Bin S.M. Mydin	Member	Independent Non-Executive Director
Mr. Loh Kok Beng	Member	Executive Chairman

The terms and reference of the Remuneration Committee are as follows :

Appointment / Composition

1. The Remuneration Committee shall consist of not less than three (3) members of whom a majority shall be Independent Directors.
2. The Chairman of the Remuneration Committee shall be appointed by the members of the Committee among their number who is an Independent Director.

Meeting

1. The Remuneration Committee must meet at least once a year.
2. The quorum of the meeting shall be two (2) members and composed of a majority of Independent Directors.
3. Meeting will be attended by the members of the Committee and the Company Secretary, who shall act as the Secretary or any representative of the Secretary.
4. Participants may be invited from time to time to attend the meeting depending on the nature of the subject under review. These participants may include the Directors, Division Heads, representatives from Internal Audit Departments and External Auditors.

Functions / Responsibilities

1. To establish and recommend the remuneration package for Executive Directors such as the terms of employment or contract of employment/service, benefit, pension, incentive scheme, bonuses, fees, expenses, compensation payable on termination of the service contract by the Company and/or the Group etc.
2. To review for changes to the above.
3. To ensure the performance related elements of remuneration forming a significant proportion of the total remuneration packages of Executive Directors.
4. To review with the Executive Directors, their goals and objectives and to assess their performance against these objectives as well as contribution to the corporate strategy.
5. The Executive Directors should play no part in decisions on their own remuneration.
6. To consider other matters as referred to the Committee by the Board.

The proposed remuneration packages of Executive Directors are to be proposed to the Board of Directors for approval.

The proposed remuneration packages of Non-Executive Directors are to be proposed to the Board of Directors and the shareholders for approval at the Annual General Meeting.

Minutes

1. The Company Secretary shall maintain minutes of the proceedings of the meetings and circulate such minutes to all members of the Committee.

Disclosure

1. The membership of the Remuneration Committee shall be disclosed in the Directors' Report and Annual Report of the Company.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

The aggregate Directors' Remuneration during the financial year ended 31 December 2010 be categorised into the following components:

Category	Directors' Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	0	1,290,160	1,290,160
Non-Executive Directors	72,000	0	72,000
	72,000	1,290,160	1,362,160

The Directors' Remuneration are categorised into the following bands:

Range of Remuneration	Executive Directors	Non-Executive Directors
RM50,000 and below	0	3
RM50,001 to RM100,000	1	0
RM100,001 to RM150,000	0	0
RM150,001 to RM200,000	0	0
RM200,001 to RM250,000	0	0
RM250,001 to RM300,000	0	0
RM300,001 and above	2	0

SHAREHOLDERS

The Board provides timely and accurate disclosure of all material information of the Group to the shareholders and investors. Information is disseminated through announcements made to the Bursa Malaysia Securities Berhad which includes the quarterly reports, annual report and press releases.

The Annual General Meeting is used as a principal forum for dialogue with all shareholders. Extraordinary General Meetings are held as and when required. At the general meetings, the Board provides opportunities for shareholders to raise questions on the business activities of the Group, agenda of the meetings and its proposed resolutions. The Chairman of the meeting will facilitate the discussion with the shareholders and provide further information in response to shareholders' queries. The Board encourages all shareholders to attend the Company's Annual General Meeting and to participate in the proceedings.

FINANCIAL REPORTING

The Board through the review of the Audit Committee and in consultation with the External Auditors, presents a balance and understandable assessment of the Group's financial position and prospect to the public in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia. The quarterly results announcements also reflect the Board's commitment to give regular updated assessments on the Company's performance.

INTERNAL CONTROL

The Board acknowledges its responsibilities to maintain an appropriate system of internal control to safeguard shareholders' investment and the Group's assets. The Statement of Internal Control is set out under the statement about the state of internal control in pages 16 to 17.

RELATIONSHIP WITH THE AUDITORS

Internal Auditors

The Company outsourced its internal audit function to a professional consulting firm, which assists the Audit Committee in discharging its duties and responsibilities. The Internal Auditors' role is to report to the Audit Committee on the improvement of organisational's management, records, accounting policies, controls, identification and managing of significant risk.

The Audit Committee meets with the Internal Auditors regularly to ensure controls are effectively applied. Through the Audit Committee, the Board has established transparent relationship with the Internal Auditors.

External Auditors

The Board maintains formal and transparent relationship with its External Auditors through the review of their audit plans, scope of audit and audit reports as well as their professional fees and appointment by the Audit Committee. The External Auditors is expected to report their findings to the Audit Committee and to discuss with the Board of Directors on matters that necessitate the Board's attention.

STATEMENT ABOUT THE STATE OF INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26(b) of Bursa Securities Listing Requirements, the Board of Directors of Tek Seng Holdings 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 Malaysia Securities Berhad.

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 consulting firm, 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 quarterly 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;

STATEMENT ABOUT THE STATE OF INTERNAL CONTROL (CONT'D)

- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;

- A comprehensive business planning and detailed budgeting process where operating units prepare budgets for the coming year which are approved both at operating unit level and by the Board;

- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary; and

- Regular visits to operating units by members of the Board and senior management.

Based on the internal auditors' report for the financial year ended 31 December 2010, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial period, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

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

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

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

REPORT OF AUDIT COMMITTEE

COMPOSITION

The Audit Committee consists of :

Name of Members	Designation	Directorate
Mr. Ong Eng Choon	Chairman	Independent Non-Executive Director
Dr. Kamarudin Bin Ngah	Member	Independent Non-Executive Director
Mr. Mohamed Haniffah Bin S.M. Mydin	Member	Independent Non-Executive Director

MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2010, four (4) Audit Committee Meetings were held at The Conference Room of Tek Seng Holdings Berhad and the details of attendance are as follows:-

Name	No. of Meetings Attended
Mr. Ong Eng Choon	3 out of 4
Dr. Kamarudin Bin Ngah	4 out of 4
Mr. Mohamed Haniffah Bin S.M. Mydin	4 out of 4

TERMS OF REFERENCE

Appointment / Composition:

1. The members of the Committee shall be appointed by the Board.

2. The Audit Committee shall consist of not less than three (3) members of whom:

   a) all members of the Committee must be Non-Executive Directors with a majority of them being Independent Directors;

   b) at least one (1) member of the Committee:

      i) must be a member of the Malaysian Institute of Accountants; or

      ii) if he is not a member of the Malaysian Institute of Accountants,

         a) he must have at least three (3) years' working experience; and

            - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
            - he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or

      iii) he fulfils such other requirements as prescribed or approved by Bursa Securities.

   c) all members of the Committee should be financially literate.

3. No Alternate Director shall be appointed as a member of the Committee.

4. A quorum shall be two (2) members and composed of a majority of Independent Directors.

5. The Chairman of the Committee shall be appointed by the members of the Committee among their number who is an Independent Director.

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

7. The Board shall, within three (3) months of a vacancy occurring in the Audit Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

Meetings

1. Meetings shall be held not less than four (4) times in a year. In addition, the Chairman of the Committee may call a meeting of the Committee if a request is made by any Committee members, the Company's Executive Chairman/CEO of the Group.

2. The Committee may also be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary. The Committee should meet with the External Auditors without Executive Board members present at least twice a year.

3. Meeting will be attended by the members of the Committee and the quorum of the meeting is two (2) with a majority of members present must be Independent Directors. The Company Secretary or any representative of the Secretary shall be the Secretary of the Committee.

4. Participants may be invited from time to time to attend the meeting depending on the nature of the subject under review. These participants may include the Directors, General Managers, Division Heads, representatives from the Finance and Internal Audit Departments and External Auditors. The head of Finance, Internal Audit and a representative of the External Auditors should normally attend meetings.

5. On a continuous basis, the Chairman of the Committee should meet with the senior management, such as the Executive Chairman, the Chief Executive Officer, the Finance Director, the Internal and External Auditors in order to be kept informed of matters affecting the Company.

Authority

1. The Committee is authorised by the Board to carry out the duties mentioned below and the Board and Management shall give all assistance that is necessary to enable the Committee to discharge its duties.

2. The Committee shall, whenever necessary and reasonable for the performance of its duties and in accordance with a procedure to be determined by the Board and at the Company's cost:

   a) have authority to investigate any matter within its terms of reference;

   b) have the resources which are required to perform its duties;

   c) have full and unrestricted access to any information pertaining to the Company;

   d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any);

   e) be able to obtain independent professional or other advice; and

3. The Internal Audit function reports directly to the Committee.

Functions and Responsibilities:

The functions and responsibilities of the Committee shall include the following:

1. to discuss and liaise with the External Auditors to ensure the smooth implementation of the audit plan, review and forward the evaluation of the system of internal controls and audit report to the Board;

2. to review the assistance given by employees of the Group to the External Auditors;

3. to review the effectiveness of internal control systems and the findings of the Internal Auditors, if available;

4. to review quarterly report and annual financial statements prior to the approval of the Board, focusing particularly on;

   i) changes in or implementation of major accounting policy changes;

   ii) significant and unusual events; and

   iii) compliance with accounting standards and other legal requirements.

5. to review any related party transactions and conflict of interest situation that may rise within the Company and the Group including any transaction, procedure or course of conduct that raise questions of management integrity;

6. to review and report the same to the Board any letter of resignation from the External Auditors of the Company as well as whether there is any reason (supported by grounds) to believe that the Company's External Auditors are not suitable for re-appointment;

7. to make recommendations concerning the appointment of the External Auditors and their remuneration to the Board;

8. to review the adequacy of the scope, functions, competency and resources of the Internal Audit functions and that it has the necessary authority to carry out its work;

9. to review any appraisal or assessment of the performance of the Internal Auditors and to approve any appointment, resignation or termination of Internal Auditors;

10. to review and verify the allocation of shares options granted to employees pursuant to the Employee Share Option Scheme;

11. to consider other topics as defined by the Board.

The reports of the Committee and the External and Internal Auditors and corrective action taken shall be tabled for discussion by the Board of Directors.

Minutes

1. The Secretary shall maintain minutes of the proceedings of the meetings and circulate such minutes to all members of the Committee and to the Board Meeting.

Audit Committee Report

1. The Committee shall ensure that an audit committee report is prepared at the end of each financial year that complies with the undermentioned.

    a) The audit committee report shall be clearly set out in the Annual Report of the Company;

    b) The audit committee report shall include the following:

        i) the composition of the Committee, including the name, designation (indicating the Chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);

        ii) the terms of reference of the Committee;

        iii) the number of Committee meetings held during the financial year end and details of attendance of each member;

        iv) a summary of activities of the Committee in the discharge of its functions and duties for that financial year of the Company; and

        v) a summary of the activities of the Internal Audit function or activity.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2010, the Audit Committee carried out its duties as set out in terms of reference. Key activities include:

1. Reviewed and approved the annual audit plan.
2. Reviewed the financial statements of the Group on a quarterly basis before recommending them for the approval of the Board of Directors.
3. Reviewed the annual audited financial statements of the Company and the Group with the external auditors before recommending them for the approval of the Board of Directors.
4. Reviewed and approved the External Audit Reports of the Group and discussed results of their examinations and recommendations.
5. Reviewed and approved the Internal Audit Reports of the Group and discussed results for their findings and recommendations.
6. Reviewed any recurrent related party transactions arise within the Group.

INTERNAL AUDIT FUNCTION

The Board outsourced its internal audit function and the Internal Auditors, reports directly to the Audit Committee and assists the Audit Committee in discharging its duties and responsibilities. The costs incurred for the internal audit function in respect of the financial year ended 31 December 2010 was RM30,000.00.

During the financial year ended 31 December 2010, the Company's Internal Auditors carried out its duties as set out in accordance with the Internal Audit Plan as follows:

1. Reviewed the Group's systems of internal controls and ascertained the extent of compliance with the established policies, procedures and statutory requirements.
2. Identified areas for improvement of controls in operations and processes of the Group.

All the findings by the Internal Auditors were presented to the Audit Committee. The Audit Committee had taken steps to ensure that appropriate actions are being taken to continuously improve the current systems of internal control.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors acknowledge that they are responsible for the Annual Audited Financial Statements so as to give a true and fair view of the state of affairs as at the end of the financial year of the Group and of the Company and of their results and their cash flows.

In preparing the financial statements for the year ended 31 December 2010, the Directors are satisfied that :-

1. reasonable and prudent judgement and estimates were made; and

2. all applicable Approved Accounting Standards in Malaysia have been followed.

The Directors also responsible for ensuring that the Company maintains appropriate accounting policies that disclose with reasonable accuracy of the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

FINANCIAL STATEMENTS

CONTENTS	PAGE

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are manufacturing and trading of PVC related products and PP non-woven related products, trading of polyvinyl chloride products and letting of properties.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	6,022,078	(192,142)

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

DIVIDENDS

The dividends declared and paid by the Company since the end of the previous financial year were as follows:

	RM
In respect of the financial year ended 31 December 2009 as reported in the Directors' report of that year:	
A final dividend of 2 sen per share, less 25% of income tax on 240,000,000 ordinary shares, paid on 1 September 2010	3,600,000

A final dividend of 2 sen per share, less 25% of income tax on 240,000,000 ordinary shares in respect of the financial year ended 31 December 2010, amounting to a dividend payable of RM3,600,000 will be proposed for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2011.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows: -

Loh Kok Beng
Loh Kok Cheng
Loh Joo Eng
Ong Eng Choon
Dr. Kamarudin Bin Ngah
Mohamed Haniffah Bin S.M. Mydin

DIRECTORS' INTERESTS

The shareholdings in the Company and its related corporations of those who are Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act 1965, are as follows:-

	Number of Ordinary Shares of RM0.25 each			
Shareholdings in the Company	At			At
Direct interest	01-01-2010	Bought	Sold	31-12-2010
Loh Kok Beng	63,679,630	0	0	63,679,630
Loh Kok Cheng	63,679,630	0	0	63,679,630
Loh Joo Eng	1,250,000	0	0	1,250,000
Ong Eng Choon	62,500	0	0	62,500
Dr. Kamarudin Bin Ngah	4,375	0	0	4,375
Mohamed Haniffah Bin S.M. Mydin	0	40,000	0	40,000
Indirect interest				
Loh Joo Eng *	110,575	0	0	110,575

By virtue of Loh Kok Beng's and Loh Kok Cheng's interests in shares in the Company, they are deemed to have an interest in its subsidiary companies to the extent that the Company has an interest.

* Shares held by family members by virtue of Section 134(12)(c) of the Companies (Amendment) Act, 2007.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling 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.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements of the Group) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and no allowance for doubtful debts is necessary; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

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

(a) which would render the amount written off for bad debts inadequate or require the setting up of an allowance for doubtful debts in the financial statements of the Group and of the Company; or

(b) 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

(c) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(d) not otherwise dealt with in this report or financial statements, which 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:-

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

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

No contingent or other liability 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, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The Auditors, UHY, retire and do not wish to seek for re-appointment. A resolution to appoint BDO will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Board of Directors in accordance with their Resolution,

LOH KOK BENG
Director

LOH KOK CHENG
Director

Dated: 25 APRIL 2011

STATEMENT BY DIRECTORS

The Directors of TEK SENG HOLDINGS BERHAD, state that, in their opinion, the financial statements set out on pages 31 to 61 are drawn up in accordance with the provisions of the Companies Act 1965 and Financial Reporting Standards 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 2010 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

The information set out in Note 33 to the financial statements 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 their Resolution,

LOH KOK BENG
Director

LOH KOK CHENG
Director

Dated: 25 APRIL 2011

STATUTORY DECLARATION

I, LOH KOK BENG, being the Director primarily responsible for the financial management of TEK SENG HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 31 to 61 are 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 LOH KOK BENG at)
Georgetown in the State of Penang)
this 25 APRIL 2011)

LOH KOK BENG

Before me,

QUAH KEAT JIN, PJM
NO. P092
Commissioner for Oaths
Penang.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Financial Statements

We have audited the financial statements of TEK SENG HOLDINGS BERHAD, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 31 to 61.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 at 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

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

b) We are satisfied that the accounts of the subsidiary companies 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 subsidiary companies 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 33 to the financial statements has been compiled by the Company as required by Bursa Malaysia Securities Berhad Listing Requirements. 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 of 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.

UHY	**TEOH BEE SIN**
No. AF-1411	No. 2014/05/11(J)
Chartered Accountants	Chartered Accountant

Penang

Dated: 25 APRIL 2011

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2010

	NOTE	Group 2010 RM	Group 2009 RM (Restated, Note 2 (a))	Group As at 1.1.2009 RM (Restated, Note 2 (a))	Company 2010 RM	Company 2009 RM
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	5	105,161,313	116,559,024	121,963,843	0	0
Available-for-sale financial assets	6	220,800	0	0	0	0
Intangible asset	7	6,041	8,149	10,257	0	0
Investments in subsidiary companies	8	0	0	0	37,969,093	37,969,093
Deferred tax assets	9	6,382,400	6,965,500	6,200,300	0	0
		111,770,554	123,532,673	128,174,400	37,969,093	37,969,093
CURRENT ASSETS						
Inventories	10	27,539,609	26,743,120	32,683,195	0	0
Receivables, deposits and prepayments	11	28,788,979	27,063,648	26,280,481	29,917,266	32,940,038
Tax recoverable		71,461	189,606	236,885	0	0
Cash and bank balances		2,660,711	1,523,666	1,191,622	18,643	20,671
		59,060,760	55,520,040	60,392,183	29,935,909	32,960,709
TOTAL ASSETS		170,831,314	179,052,713	188,566,583	67,905,002	70,929,802
EQUITY AND LIABILITIES						
CURRENT LIABILITIES						
Payables	12	19,908,624	16,950,327	17,127,752	862,614	95,272
Hire purchase payable		0	0	48,656	0	0
Bank borrowings	13	32,213,902	43,453,511	55,306,403	0	0
Income tax payable		39,774	98,664	293,951	0	0
		52,162,300	60,502,502	72,776,762	862,614	95,272
NON-CURRENT LIABILITIES						
Term loans	14	360,049	2,759,324	7,039,220	0	0
Deferred tax liabilities	9	780,700	703,900	568,800	0	0
		1,140,749	3,463,224	7,608,020	0	0
TOTAL LIABILITIES		53,303,049	63,965,726	80,384,782	862,614	95,272
CAPITAL AND RESERVE						
Share capital	15	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Retained profits		57,509,065	55,086,987	48,181,801	7,042,388	10,834,530
Other reserve	16	19,200	0	0	0	0
		117,528,265	115,086,987	108,181,801	67,042,388	70,834,530
TOTAL EQUITY AND LIABILITIES		170,831,314	179,052,713	188,566,583	67,905,002	70,929,802

The annexed notes form part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2010

	NOTE	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
REVENUE	17	168,424,571	149,428,409	0	0
OTHER ITEMS OF INCOME					
Interest income from financial institutions		1,144	203	0	0
Other income	18	638,934	57,817	0	0
OTHER ITEMS OF EXPENSE					
Changes in inventories of work-in-progress and finished goods		(530,471)	(1,258,047)	0	0
Purchase of trading merchandise		(16,438,759)	(13,126,156)	0	0
Raw materials and consumables used		(99,048,859)	(83,670,567)	0	0
Depreciation and amortisation		(14,358,887)	(13,695,471)	0	0
Staff costs	19	(11,266,786)	(10,175,176)	0	0
Carriage outwards		(3,718,319)	(3,039,621)	0	0
Utilities expenses		(6,881,732)	(6,379,833)	0	0
Other expenses		(7,019,046)	(5,402,516)	(192,142)	(186,149)
Finance costs	21	(1,379,855)	(1,534,156)	0	0
PROFIT/(LOSS) BEFORE TAX	22	8,421,935	11,204,886	(192,142)	(186,149)
Tax expense	23	(2,399,857)	(699,700)	0	0
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		6,022,078	10,505,186	(192,142)	(186,149)
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Net fair value gain on available-for-sale financial assets		19,200	0	0	0
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		6,041,278	10,505,186	(192,142)	(186,149)
Profit attributable to:					
Equity holders of the parent		6,022,078	10,505,186		
Total comprehensive income attributable to:					
Equity holders of the parent		6,041,278	10,505,186		
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
Basic earnings per share	24	0.03	0.04		
Diluted earnings per share		N/A	N/A		

The annexed notes form part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2010

Group	NOTE	Share capital RM	Attributable to Equity Holders of the Parent — Distributable: Retained profits RM	Non-Distributable: Fair value adjustment reserve RM	Total equity RM
At 1 January 2009		60,000,000	48,181,801	0	108,181,801
Dividend for the financial year ended 31 December 2009	25	0	(3,600,000)	0	(3,600,000)
Total comprehensive income for the financial year		0	10,505,186	0	10,505,186
At 31 December 2009		60,000,000	55,086,987	0	115,086,987
At 1 January 2010		60,000,000	55,086,987	0	115,086,987
Dividend for the financial year ended 31 December 2009	25	0	(3,600,000)	0	(3,600,000)
Total comprehensive income for the financial year		0	6,022,078	19,200	6,041,278
At 31 December 2010		60,000,000	57,509,065	19,200	117,528,265

Company	NOTE	Share capital RM	Distributable: Retained profits RM	Total equity RM
At 1 January 2009		60,000,000	14,620,679	74,620,679
Dividend for the financial year ended 31 December 2009	25	0	(3,600,000)	(3,600,000)
Loss for the financial year		0	(186,149)	(186,149)
At 31 December 2009		60,000,000	10,834,530	70,834,530
At 1 January 2010		60,000,000	10,834,530	70,834,530
Dividend for the financial year ended 31 December 2009	25	0	(3,600,000)	(3,600,000)
Loss for the financial year		0	(192,142)	(192,142)
At 31 December 2010		60,000,000	7,042,388	67,042,388

The annexed notes form part of the financial statements.

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	8,421,935	11,204,886	(192,142)	(186,149)
Adjustments for:				
Amortisation of intangible asset	2,108	2,108	0	0
Bad debts recovered	0	(3,000)	0	0
Bad debts written off	21,864	27,894	0	0
Depreciation and amortisation	14,358,887	13,695,471	0	0
Interest expense	1,379,855	1,534,156	0	0
Property, plant and equipment written off	0	60,755	0	0
(Gain) / loss on disposal of property, plant and equipment	(21,677)	2,622	0	0
Interest income	(1,144)	(203)	0	0
Operating profit/(loss) before working capital changes	24,161,828	26,524,689	(192,142)	(186,149)
Inventories	(796,489)	5,940,075	0	0
Receivables, deposits and prepayments	(1,747,195)	(808,061)	3,022,772	3,757,674
Payables	2,192,860	(184,188)	1,905	(2,228)
	23,811,004	31,472,515	2,832,535	3,569,297
Interest received	1,144	203	0	0
Interest paid	(1,379,855)	(1,534,156)	0	0
Tax refunded	0	114,168	0	40,064
Taxation paid	(1,680,702)	(1,591,976)	0	0
Net cash flow from operating activities	20,751,591	28,460,754	2,832,535	3,609,361
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment (Note a)	(3,410,223)	(6,983,276)	0	0
Purchase of available-for-sale financial assets	(201,600)	0	0	0
Proceeds from disposal of property, plant and equipment	470,724	54,097	0	0
Net cash flow from investing activities	(3,141,099)	(6,929,179)	0	0
CASH FLOW FROM FINANCING ACTIVITIES				
Dividends paid	(2,834,563)	(3,593,237)	(2,834,563)	(3,593,237)
Repayment of hire purchase payables	0	(48,656)	0	0
Proceeds from bankers' acceptance	108,618,219	113,966,018	0	0
Repayment of bankers' acceptance	(116,172,639)	(119,474,435)	0	0
Proceeds from Foreign Currency Trust Receipts	186,612	1,177,176	0	0
Repayment of Foreign Currency Trust Receipts	(186,612)	(2,212,077)	0	0
Proceeds from On Shore Foreign Currency Financing	1,650,051	1,933,381	0	0
Repayment of On Shore Foreign Currency Financing	(1,650,051)	(2,105,802)	0	0
Proceeds from Revolving Credit	0	573,709	0	0
Repayment of Revolving Credit	(472,581)	(101,128)	0	0
Repayment of term loans	(5,820,184)	(5,430,396)	0	0
Net cash flow from financing activities	(16,681,748)	(15,315,447)	(2,834,563)	(3,593,237)

The annexed notes form part of the financial statements.

STATEMENTS OF CASH FLOWS(CONT'D)

for the financial year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
NET CHANGES IN CASH AND CASH EQUIVALENTS	928,744	6,216,128	(2,028)	16,124
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	1,508,097	(4,708,031)	20,671	4,547
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note b)	2,436,841	1,508,097	18,643	20,671

Represented by :

(a) Purchase of property, plant and equipment :				
- financed by term loans arrangement	0	1,424,850	0	0
- financed by cash	3,410,223	6,983,276	0	0
- additions during the financial year (Note 5)	3,410,223	8,408,126	0	0
(b) Analysis of cash and cash equivalents :				
Cash and bank balances	2,660,711	1,523,666	18,643	20,671
Bank overdrafts (Note 13)	(223,870)	(15,569)	0	0
	2,436,841	1,508,097	18,643	20,671

The annexed notes form part of the financial statements.

1. GENERAL INFORMATION

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are manufacturing and trading of PVC related products and PP non-woven related products, trading of polyvinyl chloride products and letting of properties.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company's registered office and principal place of business are as follows:

Registered office:
51-21-A Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang

Principal place of business:
Plot 159 MK 13 Jalan Perindustrian Bukit Minyak 7 Bukit Minyak Industrial Park 14000 Bukit Mertajam Penang

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 APRIL 2011.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company are expressed in Ringgit Malaysia ("RM") and have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies.

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act 1965 and Financial Reporting Standards in Malaysia.

On 1 January 2010, the Group and the Company adopted the following new and amended Financial Reporting Standards ("FRS") and Issues Committee Interpretations ("IC Interpretations") mandatory for annual financial periods beginning on or after 1 January 2010.

(a) Standards, amendments to published standards and interpretations that are effective

FRSs, amendments to FRSs and IC Interpretations

FRS 7 and Amendments to FRS 7	Financial Instrument: Disclosures
FRS 8	Operating segments
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment - Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation [Compilation]
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRSs	Improvement to FRSs (2009)
IC Interpretations 9 and Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretations 10	Interim Financial Reporting and Impairment
IC Interpretations 11	FRS 2: Group and Treasury Share Transactions
IC Interpretations 13	Customer Loyalty Programmes
IC Interpretations 14	FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

FRS 4: Insurance Contracts and TR i-3: Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRS are, however, not applicable to the Group and the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

2. BASIS OF PREPARATION (CONTINUED)

(a) Standards, amendments to published standards and interpretations that are effective (Continued)

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 32 to the financial statements.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company has elected to present this statement as one single statement.

In addition, a statement of the assets and liabilities is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's and the Company's objectives, policies and processes for managing capital (See Note 30).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company has adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

2. BASIS OF PREPARATION (CONTINUED)

(a) Standards, amendments to published standards and interpretations that are effective (Continued)

Impairment of trade receivables

Prior to 1 January 2010, allowance for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, there was no allowance for doubtful debts being recognised in the previous year. As such, there is no impact on the opening balance as at that date.

Amendments to FRS 117 Leases

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and buildings elements in proportion to the relative fair values for leasehold interest in the land element and building element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 clarify that the leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated. The following are effects to the consolidated statement of financial position as at 31 December 2010 arising from the above change in accounting policy:

	Group RM
Increase/(Decrease) in:	
Property, plant and equipment	6,854,027
Prepaid land lease payments	(6,854,027)

The following comparatives have been restated:

	As previously stated RM	**Adjustments RM**	**As restated RM**
Consolidated statements of financial position			
31 December 2009			
Property, plant and equipment	109,571,012	6,988,012	116,559,024
Prepaid land lease payments	6,988,012	(6,988,012)	0
1 January 2009			
Property, plant and equipment	114,841,845	7,121,998	121,963,843
Prepaid land lease payments	7,121,998	(7,121,998)	0

2. BASIS OF PREPARATION (CONTINUED)

(b) Standards and Interpretations issued but not yet effective

At the date of authorisation for issue of these financial statements, the following FRSs, amendments to FRSs and IC Interpretations were in issue but not yet effective and have not been early adopted by the Company:

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS132	Financial Instruments: Presentation

Effective for financial periods beginning on or after 1 July 2010

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011

Amendment to FRS 1	Limited Exemption from Comparative FRS 7, Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRSs	Improvement to FRSs (2010)
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 18	Transfer of Assets from Customers

Effective for financial periods beginning on or after 1 July 2011

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

Effective for financial periods beginning on or after 1 January 2012

FRS 124	Related Party Disclosures
IC Interpretation 15	Agreements for the Construction of Real Estate

Except for the new disclosures required under the Amendments to FRS 7, the Directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year.

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary companies made up to the end of the financial year. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the financial year are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements.

The difference between the cost of acquisition over the Group's share of fair value of the identifiable net assets of the subsidiary companies acquired at the date of acquisition is reflected as goodwill or reserve on consolidation. Reserve on consolidation in excess of the fair value of the non-monetary assets acquired is recognised immediately in profit or loss.

All intercompany transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered.

3.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.16.

Long term leasehold land is amortised equally over the lease period of 60 years. Freehold land has an unlimited useful life and therefore is not amortised. Capital work-in-progress is not depreciated. Depreciation on other property, plant and equipment is calculated to write off the cost on a straight line basis over the expected useful lives of the assets concerned. The annual rates of depreciation are as follows :-

Buildings	2%
Office equipment, furniture and fittings	8% - 10%
Plant and machinery	5% - 10%
Motor vehicles	16% - 20%
Electrical installation	10%

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are recognised in profit or loss.

3.3 Intangible asset

Expenditure on acquired trade mark is capitalised and amortised using the straight line method over its estimated useful life of a period of 8 years. Intangible asset is not revalued.

3.4 Investments in subsidiary companies

Investments in subsidiaries are stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.16.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. The cost of raw materials consists of purchase price plus the cost of bringing the inventories to their present location. The cost of finished goods and work-in-progress comprise of costs of raw materials, direct labour and appropriate proportions 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.

3.6 Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the category includes the following receivables and available-for-sale financial assets:

(i) Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as receivables.

Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the receivables are impaired, and through the amortisation process. The policy for the recognition and measurement of impairment is in accordance with Note 3.17.

Receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(ii) Available-for-sale financial assets

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

Investments in equity instruments that do not have a quoted market price in an active market 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 debt instrument using the effective interest method is recognised in profit or loss.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included within borrowings in current liabilities on the statements of financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised on the statements of financial position when, and only when, the Group and the Company becomes a party to the contractual provisions of the financial instrument and the category includes the following payables:

(i) Payables

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Payables are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.9 Borrowings

Borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing costs and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.10 Provisions

Provisions for liabilities are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

3.11 Income tax

Income tax on the profit or loss for the financial year comprise current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the year in which they are declared.

3.13 Revenue recognition

Revenue is recognised upon delivery of products and customers' acceptance, net of sales tax and discounts, and after eliminating sales within the Group.

Rental income and interest income are recognised on an accrual basis.

Dividend income is recognised when the Company's rights to receive dividend is established.

3.14 Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for at exchange rates ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the reporting date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

3.15 Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

The Group's contributions to a defined contribution plan, known as Employees Provident Fund ("EPF") are recognised in profit or loss in the financial year to which they relate.

3.16 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of their assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in profit or loss immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and non-trade receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the financial year they are incurred. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The Directors are required to exercise their judgment when preparing the financial statements as it requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the financial year. It also requires the Directors to exercise their judgment in the process of applying the Group's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimated.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are explained below:

(i) Impairment of property, plant and equipment

The Group reviews the carrying amounts of its property, plant and equipment at each reporting date to ensure that its carrying amounts do not exceed the value in use ("VIU") of the cash generating units ("CGU") to which the property, plant and equipment are allocated. Estimating a VIU amount requires the management to make an estimate of expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(ii) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters are different from the amounts initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Impairment of receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flow are estimated based on historical loss experiences for assets with similar credit risk characteristics.

The carrying amount of the Company's receivables at the reporting date is as disclosed in Note 11.

5. PROPERTY, PLANT AND EQUIPMENT

	Long term leasehold land RM	Freehold land RM	Buildings RM	Office equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Electrical installation RM	Capital work-in-progress RM	Total RM
Group									
At cost									
At 1 January 2010									
- as previously stated	0	258,352	35,147,149	1,695,740	115,928,549	4,211,937	48,435	1,192,000	158,482,162
- effects of adopting the Amendments to FRS 117	7,973,435	0	0	0	0	0	0	0	7,973,435
As restated	7,973,435	258,352	35,147,149	1,695,740	115,928,549	4,211,937	48,435	1,192,000	166,455,597
Additions	0	0	0	0	2,842,933	237,424	0	329,866	3,410,223
Disposals	0	0	0	0	0	(507,673)	0	(387,000)	(894,673)
At 31 December 2010	7,973,435	258,352	35,147,149	1,695,740	118,771,482	3,941,688	48,435	1,134,866	168,971,147
Accumulated depreciation									
At 1 January 2010									
- as previously stated	0	0	3,911,153	1,075,984	41,054,826	2,820,753	48,434	0	48,911,150
- effects of adopting the Amendments to FRS 117	985,423	0	0	0	0	0	0	0	985,423
As restated	985,423	0	3,911,153	1,075,984	41,054,826	2,820,753	48,434	0	49,896,573
Current charge	133,985	0	702,943	149,328	12,941,158	431,473	0	0	14,358,887
Disposals	0	0	0	0	0	(445,626)	0	0	(445,626)
At 31 December 2010	1,119,408	0	4,614,096	1,225,312	53,995,984	2,806,600	48,434	0	63,809,834
Net book value									
At 31 December 2010	6,854,027	258,352	30,533,053	470,428	64,775,498	1,135,088	1	1,134,866	105,161,313
At cost									
At 1 January 2009									
- as previously stated	0	258,352	35,016,437	1,902,602	100,856,476	3,474,782	48,435	8,931,874	150,488,958
- effects of adopting the Amendments to FRS 117	7,973,435	0	0	0	0	0	0	0	7,973,435
As restated	7,973,435	258,352	35,016,437	1,902,602	100,856,476	3,474,782	48,435	8,931,874	158,462,393
Additions	0	0	130,712	45,900	7,358,999	872,515	0	0	8,408,126
Disposals	0	0	0	0	0	(135,360)	0	(20,000)	(155,360)
Written off	0	0	0	(252,762)	(6,800)	0	0	0	(259,562)
Reclassification	0	0	0	0	7,719,874	0	0	(7,719,874)	0
At 31 December 2009	7,973,435	258,352	35,147,149	1,695,740	115,928,549	4,211,937	48,435	1,192,000	166,455,597
Accumulated depreciation									
At 1 January 2009									
- as previously stated	0	0	3,210,222	1,115,238	28,691,422	2,581,797	48,434	0	35,647,113
- effects of adopting the Amendments to FRS 117	851,437	0	0	0	0	0	0	0	851,437
As restated	851,437	0	3,210,222	1,115,238	28,691,422	2,581,797	48,434	0	36,498,550
Current charge	133,986	0	700,931	156,776	12,366,181	337,597	0	0	13,695,471
Disposals	0	0	0	0	0	(98,641)	0	0	(98,641)
Written off	0	0	0	(196,030)	(2,777)	0	0	0	(198,807)
At 31 December 2009	985,423	0	3,911,153	1,075,984	41,054,826	2,820,753	48,434	0	49,896,573
Net book value									
At 31 December 2009	6,988,012	258,352	31,235,996	619,756	74,873,723	1,391,184	1	1,192,000	116,559,024

5. PROPERTY, PLANT AND EQUIPMENT(CONTINUED)

(a) The net book value of long term leasehold land and buildings amounting to RM28,296,465 (2009: RM28,937,233) have been pledged to a licensed bank for banking facilities granted to the subsidiary companies as referred to in Note 13 to the financial statements.

(b) The net book value of property, plant and equipment acquired under term loans arrangements are as follows:

	2010 RM	2009 RM
Plant and machinery	17,599,260	19,648,463

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS [2010 ONLY]

At carrying amount	Group RM
Quoted investments in Malaysia	220,800
At market value	220,800

7. INTANGIBLE ASSET

	Group	
	2010 RM	2009 RM
At cost		
Trade mark		
At 1 January	16,865	16,865
Less: Accumulated amortisation	(10,824)	(8,716)
At 31 December	6,041	8,149

8. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2010 RM	2009 RM
At cost		
Unquoted shares	37,969,093	37,969,093

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Place of incorporation	Effective equity interest 2010	2009	Principal activities
Tek Seng Sdn. Bhd.	Malaysia	100%	100%	Trading of PVC products
Wangsaga Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of PVC related products
Pelangi Segi Sdn. Bhd.	Malaysia	100%	100%	Trading of polyvinyl chloride products
Double Grade Non-Woven Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of PP non-woven related products and letting of properties

9. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2010	2009
	RM	RM
At 1 January	6,261,600	5,631,500
Recognised in profit or loss (Note 23):		
- property, plant and equipment	503,900	(996,700)
- reinvestment allowance	(502,900)	1,652,600
- overprovision in respect of prior year	(660,900)	(25,800)
At 31 December	5,601,700	6,261,600
Represented by :		
Deferred tax assets	6,382,400	6,965,500
Deferred tax liabilities	(780,700)	(703,900)
	5,601,700	6,261,600
Subject to income tax:		
Deferred tax assets (before offsetting)		
Reinvestment allowances	17,669,600	19,123,900
Offsetting	(11,287,200)	(12,158,400)
Deferred tax assets (after offsetting)	6,382,400	6,965,500
Deferred tax liabilities (before offsetting)		
Property, plant and equipment	12,067,900	12,862,300
Offsetting	(11,287,200)	(12,158,400)
Deferred tax liabilities (after offsetting)	780,700	703,900

10. INVENTORIES

	Group	
	2010	2009
	RM	RM
At cost		
Raw materials	15,822,249	14,495,289
Work-in-progress	2,068,541	2,501,125
Finished goods	9,648,819	9,746,706
	27,539,609	26,743,120

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Trade receivables	28,385,748	26,034,952	0	0
Non-trade receivables	13,348	444,865	0	0
Amount owing by subsidiary companies	0	0	29,917,266	32,940,038
Deposits	359,469	540,986	0	0
Prepayments	30,414	42,845	0	0
	28,788,979	27,063,648	29,917,266	32,940,038

Trade receivables are non-interest bearing and are generally on 30 to 150 days (2009: 30 to 150 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The amount owing by subsidiary companies are non-trade in nature, unsecured, non-interest bearing and are repayable upon demand.

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS(CONTINUED)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2010	2009
	RM	RM
Neither past due nor impaired	17,449,801	10,160,426
1 to 30 days past due not impaired	3,696,584	5,373,578
31 to 60 days past due not impaired	2,275,473	4,410,481
61 to 90 days past due not impaired	2,190,374	3,266,883
More than 91 days past due not impaired	2,773,516	2,823,584
	28,385,748	26,034,952

Receivables that are neither past due nor impaired

Included in trade receivables that are neither past due nor impaired is an amount of RM17,449,801(2009: RM10,160,426).

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM10,935,947 (2009: RM15,874,526) that are past due at the reporting date but not impaired.

12. PAYABLES

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Trade payables	11,592,830	9,250,806	0	0
Non-trade payables	4,051,855	4,435,068	546	1,141
Accruals	3,478,121	3,244,072	77,000	74,500
Dividend payables	785,068	19,631	785,068	19,631
Deposits	750	750	0	0
	19,908,624	16,950,327	862,614	95,272

Trade payables are non-interest bearing and are generally settled on 30 to 60 days (2009: 30 to 60 days) terms.

Non-trade payables are non-interest bearing and are normally settled on 60 days to 150 days (2009: 60 days to 150 days) terms.

13. BANK BORROWINGS

	Group	
	2010	2009
	RM	RM
Secured		
Bank overdrafts	223,870	15,569
Bankers' acceptance	29,833,298	37,387,718
Revolving credit	0	472,581
Term loans (Note 14)	2,156,734	5,577,643
	32,213,902	43,453,511

13. BANK BORROWINGS(CONTINUED)

The effective interest rates per annum during the financial year for borrowings were as follows:

	Group	
	2010	**2009**
	%	**%**
Bank overdrafts	7.30	7.75
Bankers' acceptance	2.76 - 3.70	2.53 - 2.84
Revolving credit	N/A	2.15
Term loans	5.88	4.20

The bank borrowings are covered by way of :

(a) charges on long term leasehold land and buildings of the Group (Note 5); and

(b) corporate guarantee provided by Tek Seng Holdings Berhad.

14. TERM LOANS

	Group	
	2010	**2009**
	RM	**RM**
Secured		
Representing term loans:		
- current (Note 13)	2,156,734	5,577,643
- non-current	360,049	2,759,324
	2,516,783	8,336,967
The term loans maturity profile are as follows:		
- in one year or less	2,156,734	5,577,643
- in more than one year but not more than two years	360,049	2,388,093
- in more than two years but not more than three years	0	371,231
	2,516,783	8,336,967

The security and average effective interest rates have been disclosed in Note 13 to the financial statements.

15. SHARE CAPITAL

	Group and Company	
	2010	**2009**
	RM	**RM**
Authorised		
400,000,000 ordinary shares of RM0.25 each	100,000,000	100,000,000
Issued and fully paid		
240,000,000 ordinary shares of RM0.25 each	60,000,000	60,000,000

Net Assets

The Net Assets per share of the Group is RM0.49 (2009: RM0.48) at the reporting date.

16. OTHER RESERVE [2010 ONLY]

	Group Fair value adjustment reserve RM
At 1 January	0
Other comprehensive income :	
Net fair value gain on available-for-sale financial assets	19,200
At 31 December	19,200

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

17. REVENUE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Sale of goods	168,424,571	149,428,409	0	0

18. OTHER INCOME

	Group	
	2010 RM	2009 RM
Bad debts recovered	0	3,000
Gain on disposal of property, plant and equipment	115,953	881
Gain on foreign exchange - realised	324,843	35,855
Gain on foreign exchange - unrealised	191,538	11,481
Rental income	6,600	6,600
	638,934	57,817

19. STAFF COSTS

	Group	
	2010 RM	2009 RM
Salaries, bonus and other emoluments	10,192,237	9,002,187
Contributions to defined contribution plan	774,598	733,610
Social security contributions	89,099	82,387
Other employee benefits	210,852	356,992
	11,266,786	10,175,176

Included in staff costs is other key management personnel remuneration as follows:

	Group	
	2010 RM	2009 RM
Other key management personnel :		
- short-term employee benefits	81,039	74,400
- contributions to defined contribution plan	9,778	8,928
- other short-term benefits	620	620
	91,437	83,948

Other key management personnel comprise persons other than the Directors of Company, having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

20. DIRECTORS' REMUNERATION

The aggregate amount of remuneration receivable by Directors of the Group and of the Company during the year are as follows:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Non-executive Directors:				
- fees	72,000	72,000	72,000	72,000
Executive Directors:				
- other emoluments	1,290,160	1,180,960	0	0

The Executive Directors' other emoluments are included in staff costs of the Group.

Included in the Executive Directors' other emoluments are contributions to a defined contribution plan of RM117,900 (2009: RM118,800).

21. FINANCE COSTS

	Group	
	2010	**2009**
	RM	**RM**
Bank interest	0	11
Commission on bankers' acceptance and trust receipts	1,163,067	1,093,465
Interest on bank overdrafts	10,114	19,583
Interest on FCTR	523	23,877
Interest on OFCF	6,663	15,329
Interest on term loans	180,547	376,322
LC charges	14,696	3,733
Revolving interest	4,245	1,836
	1,379,855	1,534,156

22. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Profit/(Loss) before tax is arrived at after charging:				
Amortisation of intangible asset	2,108	2,108	0	0
Audit fee	50,000	41,500	5,000	5,000
Bad debts written off	21,864	27,894	0	0
Loss on disposal of property, plant and equipment	94,276	2,622	0	0
Loss on foreign exchange				
- realised	13,574	6,918	0	0
- unrealised	0	158,995	0	0
Property, plant and equipment written off	0	60,755	0	0
Rental of plant and machinery	81,079	58,253	0	0
Rental of premises	3,600	1,200	0	0

23. TAX EXPENSE

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
The major components of the tax expense are:				
Current tax expense based on profit for the financial year	1,739,957	1,299,622	0	0
Underprovision of taxation in respect of prior years	0	30,178	0	0
	1,739,957	1,329,800	0	0
Deferred tax expense (Note 9):				
- relating to origination and reversal of temporary differences	(503,900)	996,700	0	0
- reirvestment allowance	502,900	(1,652,600)	0	0
- underprovision in respect of prior years	660,900	25,800	0	0
	2,399,857	699,700	0	0

Reconciliation of tax expense/(income) and accounting profit/(loss):

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Accounting profit/(loss) before tax	8,421,935	11,204,886	(192,142)	(186,149)
Tax at the applicable tax rate of 25%	2,105,400	2,801,300	(48,000)	(46,500)
Tax effect of:				
- income not subject to tax	(108,700)	(42,260)	0	0
- expenses not deductible for tax purposes	148,157	170,182	26,800	25,600
- different tax rate for first RM500,000 of chargeable income	0	(25,000)	0	0
- utilisation of reinvestment allowances	(930,000)	(628,800)	0	0
Underprovision of taxation in respect of prior years	0	30,178	0	0
Permanent loss not recognised during the year	21,200	20,900	21,200	20,900
Underprovision of deferred taxation in respect of prior years	660,900	25,800	0	0
Unutilised reinvestment allowances recognised during the year	502,900	(1,652,600)	0	0
Tax expense for the year	2,399,857	699,700	0	0

The Malaysian Budget 2008 introduced a single tier income tax system with effect from year of assessment 2008. Companies without Section 108 tax credit will automatically move to the new single tier dividend system on 1 January 2008 whilst companies with tax credit are given an irrevocable option to elect for a switch to the new system during the transitional period of six years. All the companies will be in the new system on 1 January 2014. Under the new system, tax on profits of companies is a final tax and dividend distributed will be exempted from tax in the hands of the shareholders.

The Company did not elect for the irrevocable option to switch to the new system. Accordingly, during the transitional period, the Company may utilise the credit in Section 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Malaysian Budget 2008. As at 31 December 2010, the Company has sufficient tax credit under Section 108 balance and tax exempt income of the Income Tax Act 1967 to frank the payment of dividends out of its entire retained profits.

24. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company over the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2010	**2009**
	RM	**RM**
Profit attributable to ordinary equity holders of the parent (RM)	6,022,078	10,505,186
Weighted average number of ordinary shares in issue	240,000,000	240,000,000
Basic earnings per share (RM)	0.03	0.04

25. DIVIDENDS

Dividends recognised for the financial year are as follows:

	Group and Company	
	Gross dividend per share RM	**Amount of dividend RM**
In respect of financial year ended 31 December 2009 - Interim dividend less 25% of income tax, on 240,000,000 ordinary shares, paid on 30 September 2009	0.02	3,600,000
In respect of financial year ended 31 December 2009 - Final dividend less 25% of income tax, on 240,000,000 ordinary shares, paid on 1 September 2010	0.02	3,600,000

A final dividend of 2 sen per share, less 25% of income tax on 240,000,000 ordinary shares in respect of the financial year ended 31 December 2010, amounting to a dividend payable of RM3,600,000 will be proposed for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2011.

26. CAPITAL COMMITMENTS

	Group	
	2010	**2009**
	RM	**RM**
Property, plant and equipment		
- Contracted but not provided for	21,585	1,063,300

27. CONTINGENT LIABILITIES

	Company	
	2010	**2009**
	RM	**RM**
Corporate guarantee extended to financial institutions for credit facilities granted to subsidiary companies	103,056,782	103,735,440

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, credit risk, liquidity risk and foreign currency risk.

The Board of Directors reviews and agree policies and procedures for the management of these risks, which are executed by the Managing Director and Executive Directors.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

'The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from variable interest rate borrowings.

As at the reporting date, the Group did not engage any interest hedging instruments in respect of such interest rate fluctuations.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM162,870 higher/lower, arising mainly as a result of lower/higher interest expense on borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade receivables. For other financial assets, cash and bank balances, the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial asset recognised in the statements of financial position.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 11.

Liquidity risks

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the reporting date, approximately 99% (2009: 98%) of the Group's borrowings (Note 13) will mature in less than one year based on the carrying amount reflected in the financial statements.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES(CONTINUED)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2010 RM		
	On demand or within one year	One to five years	Total
Group			
Financial liabilities			
Payables	19,908,624	0	19,908,624
Bank borrowings	32,213,902	360,049	32,573,951
Total undiscounted financial liabilities	52,122,526	360,049	52,482,575

	2010 RM		
	On demand or within one year	One to five years	Total
Company			
Financial liability			
Payables	862,614	0	862,614
Total undiscounted financial liability	862,614	0	862,614

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has a no hedging policy and does not make use of forward-currency contacts.

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The foreign currency giving rise to this risk is primarily US Dollar ("USD").

Approximately 39% (2009: 38%) of the Group's sales are denominated in foreign currencies whilst almost 29% (2009: 35%) of costs are denominated in respective functional currencies of the Groups entities. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in the Group's functional currency of Ringgit Malaysia are as follows:

At 31 December 2010

Foreign currency	US Dollar RM	Singapore Dollar RM	Euro RM	Total RM
Receivables				
- Trade	1,006,587	0	0	1,006,587
- Non-trade	1,048	0	0	1,048
Deposits	309,936	0	0	309,936
Payables				
- Trade	2,066,262	0	0	2,066,262
- Non-trade	3,320,250	0	0	3,320,250
Bank balances	2,328,828	13,809	9	2,342,646
Term loans	2,469,872	0	0	2,469,872

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES(CONTINUED)

Foreign currency risk(Continued)

At 31 December 2009

Foreign currency	US Dollar RM	Singapore Dollar RM	Euro RM	Total RM
Receivables				
- Trade	1,089,899	0	0	1,089,899
- Non-trade	418,276	0	0	418,276
Deposits	356,493	0	0	356,493
Payables				
- Trade	1,087,414	0	0	1,087,414
- Non-trade	4,192,346	0	0	4,192,346
Bank balances	420,275	61,501	146	481,922
Revolving credit	472,581	0	0	472,581
Term loans	5,510,618	0	0	5,510,618

<u>Sensitivity analysis for foreign currency risk</u>

The following table demonstrates the sensitivity of the Groups's profit net of tax to reasonable possible change in the USD and Singapore Dollar ("SGD") exchange rate against the respective functional currencies of the Group entities, with all other variables held constant.

		2010 RM Profit net of tax
USD/RM	- Strengthened 3%	-54,334
	- Weakened 3%	+54,334
SGD/RM	- Strengthened 3%	-412
	- Weakened 3%	+412

29. FINANCIAL INSTRUMENTS

Financial assets

The Group's principal financial assets are cash and bank balances, trade receivables and non-trade receivables, amount owing by subsidiary companies and deposit.

The accounting policies applicable to the major financial assets are as disclosed in Note 3 to the financial statements.

Financial liabilities and equity instruments

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

Equity instruments are recorded at the amount of the proceeds received.

The Group's principal financial liabilities are trade payables, non-trade payables and accruals.

29. FINANCIAL INSTRUMENTS(CONTINUED)

Fair values

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Receivables, deposits and prepayments	11
Payables	12
Bank borrowings	13

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of bank borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current bank borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending arrangements at the reporting date.

30. CAPITAL MANAGEMENT

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

The Group's strategy, which was unchanged from 2009, was to maintain the debt-to-equity ratio at the lower end range within 0.25 : 1.70. The debt-to equity ratios at 31 December 2010 and at 31 December 2009 were as follows:

	2010 RM	**2009 RM**
Group		
Total borrowings (Note 13 and Note 14)	32,573,951	46,212,835
Less: Cash and bank balances	(2,660,711)	(1,523,666)
Net debt	29,913,240	44,689,169
Total equity	117,528,265	115,086,987
Debt-to-equity ratios	0.25	0.39

There were no changes in the Company's approach to capital management during the financial year. The Company is not subject to externally imposed capital requirements.

31. EVENT OCCURING AFTER THE REPORTING DATE

On 21 January 2011, the Company acquired 1,800,000 ordinary shares of RM1 each, representing 60% interest of the total issued and paid up share capital of TS Solartech Sdn. Bhd. for a total cash consideration of RM1,800,000.

32. SEGMENTAL REPORTING - GROUP

(a) Business segments

The Group's main business activities are in the following three areas:-

(i) Manufacture of PVC Sheeting and PP Non-Woven;
(ii) Trading of PP Non-Woven; and
(iii) Trading of PVC Leather.

Other business segment includes trading of plastic products and materials that are not significant to be reported separately.

The Directors are of the opinion that all transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

	PVC Sheeting RM	PP Non-Woven RM	PVC Leather RM	Others RM	Group RM
1-1-2010 to 31-12-2010					
Revenue					
External revenue	123,300,299	11,305,362	13,493,725	20,325,185	168,424,571
Results					
Segment results	6,707,108	614,972	734,012	1,105,620	9,161,712
Other income					640,078
Finance costs	(1,010,165)	(92,622)	(110,550)	(166,518)	(1,379,855)
Profit before tax					8,421,935
Tax expense					(2,399,857)
Profit for the financial year					6,022,078
At 31 December 2010					
Assets					
Segment assets	120,337,484	11,033,702	13,169,481	19,836,786	164,377,453
Unallocated assets					6,453,861
Consolidated total assets					170,831,314
At 31 December 2010					
Liabilities					
Segment liabilities	(36,578,969)	(3,353,913)	(4,003,125)	(6,029,785)	(49,965,792)
Unallocated liabilities					(3,337,257)
Consolidated total liabilities					(53,303,049)
1-1-2010 to 31-12-2010					
Capital expenditure	2,496,557	228,908	273,218	411,540	3,410,223
Depreciation and amortisation	10,511,857	963,829	1,150,396	1,732,805	14,358,887
Non-cash expenses other than depreciation and amortisation	17,550	1,609	1,921	2,892	23,972

32. SEGMENTAL REPORTING - GROUP(CONTINUED)

(a) Business segments(Continued)

	PVC Sheeting RM	PP Non-Woven RM	PVC Leather RM	Others RM	Group RM
1-1-2009 to 31-12-2009					
Revenue					
External revenue	111,998,948	8,978,924	8,866,271	19,584,266	149,428,409
Results					
Segment results	9,504,626	761,983	752,423	1,661,990	12,681,022
Other income					58,020
Finance costs	(1,149,875)	(92,185)	(91,028)	(201,068)	(1,534,156)
Profit before tax					11,204,886
Tax expense					(699,700)
Profit for the financial year					10,505,186
At 31 December 2009					
Assets					
Segment assets	128,839,966	10,329,064	10,199,471	22,529,106	171,897,607
Unallocated assets					7,155,106
Consolidated total assets					179,052,713
Liabilities					
Segment liabilities	(41,093,097)	(3,294,422)	(3,253,089)	(7,185,587)	(54,826,195)
Unallocated liabilities					(9,139,531)
Consolidated total liabilities					(63,965,726)
1-1-2009 to 31-12-2009					
Capital expenditure	6,302,023	505,231	498,893	1,101,979	8,408,126
Depreciation and amortisation	10,264,971	822,940	812,615	1,794,945	13,695,471
Non-cash expenses other than depreciation and amortisation	68,025	5,453	5,385	11,894	90,757

Segment assets primarily consist of property, plant and equipment, intangible asset, inventories, receivables, deposits, prepayments and cash and bank balances. Segment liabilities comprise payables and bank borrowings.

Capital expenditure comprises additions to property, plant and equipment (Note 5).

(b) Geographical segments

Although the Group's business segments are managed on a worldwide basis, it operates in six main geographical areas of the world. In Malaysia, its home country, the Group's areas of operations is principally involved in the manufacture of PVC products and PP Non-Woven, trading of plastic based products and materials and investment holding.

The Group is also involved in the trading of PVC Floor Covering and PVC Films and Sheets in other countries.

	Revenue 2010 RM	Revenue 2009 RM
Malaysia *	102,029,940	92,368,468
Indonesia	26,711,811	14,551,041
Myanmar	4,752,219	3,926,792
Republic of South Africa	770,357	4,320,550
Singapore	4,115,990	6,771,064
Yemen	5,302,339	9,484,062
Others	24,741,915	18,006,432
	168,424,571	149,428,409

32. SEGMENTAL REPORTING - GROUP(CONTINUED)

(b) Geographical segments(Continued)

	Total assets	
	2010	2009
	RM	RM
Malaysia *	103,487,921	110,680,592
Indonesia	27,093,516	17,435,797
Myanmar	4,820,127	4,705,282
Republic of South Africa	781,365	5,177,103
Singapore	4,174,806	8,113,433
Yemen	5,378,108	11,364,285
Others	25,095,471	21,576,221
	170,831,314	179,052,713

	Capital expenditure	
	2010	2009
	RM	RM
Malaysia *	2,065,879	5,197,443
Indonesia	540,855	818,767
Myanmar	96,222	220,955
Republic of South Africa	15,598	243,111
Singapore	83,340	380,998
Yemen	107,361	533,655
Others	500,968	1,013,197
	3,410,223	8,408,126

* Company's home country

33. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED [2010 ONLY]

The breakdown of the retained profits of the Group as at 31 December 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group
	2010
	RM
Total retained profits of the Company and its subsidiaries	
- Realised	51,715,827
- Unrealised	5,793,238
Retained profits as per financial statements	57,509,065

LIST OF PROPERTIES

	Location/Address	Date of Acquisition	Description and Existing Use	Approximate Land/ Built-up Area	Age of Building / Tenure	Net Book Value as at 31-Dec-10
1.	Plot 159, Jalan Perindustrian Bukit Minyak 7, Taman Perindustrian Bukit Minyak, 14000 Bukit Mertajam. (H.S. (D) 46613, Lot 395, Mukim 13, Seberang Perai Tengah, Penang)	03 May 2000	1-storey factory (attached with 4-storey production area) cum 2-storey office block / Manufacturing and office use Owner occupied	Land area = 27,351.55 sq. Metre Built-up area =19,822 sq. Metre	9 years old / Leasehold 60 years expiring on 11 Mar 2061	Land = RM2,953,256.87 Building = RM11,084,923.55
2.	Plot 160, Jalan Perindustrian Bukit Minyak 7, Taman Perindustrian Bukit Minyak, 14000 Bukit Mertajam. (H.S. (D) 48999, PT 429, Mukim 13, Seberang Perai Tengah, Penang)	12 Dec 2002	1-storey factory (attached with 4-storey production area) / Manufacturing and Warehouse Owner occupied	Land area = 17,494.55 sq. Metre Built-up area =10,425 sq. Metre	8 years old / Leasehold 60 years expiring on 25 Aug 2063	Land = RM2,016,598.90 Building = RM10,357,514.00
3.	Plot 162(b), Jalan Perindustrian Bukit Minyak 7, Taman Perindustrian Bukit Minyak, 14000 Bukit Mertajam. (H.S.(D) 53381, PT 793, Mukim 13, Seberang Perai Tengah, Penang)	1 Jun 2005	1-storey factory/ Warehouse Owner occupied	Land area = 15,784.28 sq. Metre Built-up area = 5,280 sq. Metre	5 year old/ Leasehold 60 years expiring on 25 Aug 2063	Land = RM1,884,172.31 Building = RM8,640,596.90
4.	43, Jalan Mas Jaya 2, Kawasan Perindustrian Mas Jaya, Selangor Darul Ehsan. (H.S. (D) 69154, PT 27606, Mukim Cheras, Daerah Langat, Selangor)	1 Jun 1995	1 1/2-Storey warehouse / Warehouse Owner occupied	Land area = 328 sq. Metre Built-up area = 273 sq. Metre	15 years old / Freehold	Land = RM258,352.00 Building = RM135,391.00
5.	90-5-03, Medan Fettes, 11200 Penang (Parcel No. 7, Storey No. 5, Building Cahaya, erected on part of land held under Grant (First Grade) No. HB (M)86, Lot 3793, Mukim 18, North East District, Penang.)	28 Nov 1996	Apartment Rented out	Built-up area = 74.32 sq.Metre	14 years old / Freehold	Building = RM113,990.16
6.	77-14-5, Menara Belfield Condominium, Jalan Tallala 50460 Kuala Lumpur (Parcel No. B1-13A, erected on part of land under Certificate of Title No. 7564, Lot 393, Section 69, Kuala Lumpur)	28 Jan 1997	Apartment / Hostel Owner occupied	Built-up area = 98.47 sq.Metre	13 years old/ Freehold	Building = RM200,634.64

STATISTICS ON SHAREHOLDINGS

as at 03 May 2011

Authorised Share Capital	:	RM100,000,000
Issued Capital	:	240,000,000 Units
Paid-Up Capital	:	RM60,000,000
Class of Shares	:	Ordinary shares of RM0.25 each
Voting Rights	:	1 vote per ordinary share

Analysis of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
Less than 100	97	3.91	4,618	#
100 to 1,000 shares	132	5.32	64,339	0.03
1,001 to 10,000 shares	1,496	60.30	7,537,561	3.14
10,001 to 100,000 shares	665	26.80	20,337,300	8.47
100,001 to less than 5% of issued shares	88	3.55	96,864,182	40.36
5% and above of issued shares	3	0.12	115,192,000	48.00
Total	2,481	100.00	240,000,000	100.00

Negligible

Thirty Largest Securities Accounts Holders

	Name	No. of Shares	% of Issued Capital
1	Loh Kok Beng	51,183,630	21.33
2	Loh Kok Cheng	51,183,630	21.33
3	Soon Seok Choo	12,824,740	5.34
4	Cool Assets Sdn Bhd	11,956,000	4.98
5	Peninsular Harvest Sdn Bhd	10,177,400	4.24
6	Loh Kok Beng	9,996,000	4.17
7	Loh Kok Cheng	9,996,000	4.17
8	Chang, Jung-Chen	7,464,741	3.11
9	Teoh Thean Hai	7,180,325	2.99
10	Hsu Chou, Yu-Ling	6,542,566	2.73
11	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Loh Kok Cheng (PB)	2,500,000	1.04
12	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Loh Kok Beng (PB)	2,500,000	1.04
13	Addeen Holdings Sdn Bhd	1,889,800	0.79
14	Teh Kee Heng	1,425,500	0.59
15	Loh Loo Ngoh	1,292,500	0.54
16	Loh Joo Eng	1,250,000	0.52
17	Loh Loo Guat	1,250,000	0.52
18	Ho Poay Chiew	1,250,000	0.52
19	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Chia Hong @ Gan Chia Hong(E-TMR)	1,200,000	0.50
20	Teoh Thean Hai	1,148,750	0.48
21	Wei, Li-Yun	1,047,000	0.44
22	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Loh Chee Hung (M15)	1,020,000	0.43
23	Lim Tian Huat	678,850	0.28
24	Ling, Kun-Tzu	625,000	0.26
25	Choong Ngok Mam	565,000	0.24
26	Lui Pek Har	520,000	0.22
27	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Bong Khiong Sin	457,300	0.19
28	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chu Soong Tau	420,000	0.18
29	On Thiam Chai	391,000	0.16
30	HLB Nominees (Tempatan)Sdn Bhd Pledged Securities Account For Francis Kong @ Kong Fen Shin	390,000	0.16
	Total	**200,325,732**	**83.49**

STATISTICS ON SHAREHOLDINGS(CONT'D)
as at 03 May 2011

Substantial Shareholdings

Substantial Shareholders	No. of ordinary shares of RM0.25 each held					
	Direct Interest		%	Deemed Interest		%
Loh Kok Beng	63,679,630	N1	26.53	-		-
Loh Kok Cheng	63,679,630	N1	26.53	-		-
Soon Seok Choo	12,824,740		5.34	-		-

Notes :
(N1) Inclusive of his beneficial interest in 2,500,000 shares held by CIMSEC Nominees (Tempatan) Sdn Bhd

Directors' Shareholdings

Name of Directors	No. of ordinary shares of RM0.25 each held					
	Direct Interest		%	Deemed Interest		%
Loh Kok Beng	63,679,630	N1	26.53	-		-
Loh Kok Cheng	63,679,630	N1	26.53	-		-
Loh Joo Eng	1,250,000		0.52	110,575	N2	0.05
Dr. Kamarudin Bin Ngah	4,375		#	-		-
Mohamed Haniffah Bin S.M. Mydin	40,000		0.02	-		-
Ong Eng Choon	62,500		0.03	-		-

Notes :
(N1) Inclusive of his beneficial interest in 2,500,000 shares held by CIMSEC Nominees (Tempatan) Sdn Bhd

(N2) Deemed interested by virtue of her spouse's, son's and daughter's direct interest in Tek Seng Holdings Bhd.

Negligible

ADDITIONAL COMPLIANCE INFORMATION

Non-Audit Fees

There were no non-audit fees paid to the external auditors by the Group for the financial year ended 31 December 2010.

Share Buybacks

The Company does not have a share buy-back programme in place.

Variations in Results

There were no profit estimates or unaudited financial results released which differ by 10% of more from the audited results.

Profit Guarantee

There were no profit guarantee given by the Company or its subsidiaries for the financial year ended 31 December 2010.

Revaluation Policy on Landed Properties

There was no revaluation of landed properties for the financial year ended 31 December 2010.

Imposition of Sanctions/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 ended 31 December 2010.

Depository Receipt Programme

The Company does not have any depository receipt programme during the financial year ended 31 December 2010.

Options or Convertible Securities

There were no options or convertible securities issued by the Company during the financial year ended 31 December 2010.

Recurrent Related Party Transactions

There were no recurrent related party transactions entered into by the Company and its subsidiaries during the financial year ended 31 December 2010.

Material Contracts

There were no material contracts of the Company and its subsidiaries involving the interest of its Directors and major shareholders during the financial year ended 31 December 2010.

NOTICE OF NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the Company will be held at Kelawai Room, Lobby Level, Evergreen Laurel Hotel of 53, Persiaran Gurney, 10250 Penang on Tuesday, 28 June 2011, at 9.30 a.m. for the following purposes :-

AGENDA

	As Ordinary Business :	
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of Directors and Auditors thereon.	**Please refer to Note 6**
2.	To re-elect Mr. Loh Kok Beng, the Director who retires by rotation in accordance with Article 86 of the Company's Articles of Association and who, being eligible, offer himself for re-election.	**Ordinary Resolution 1**
3.	To re-elect Mr. Loh Kok Cheng, the Director who retires by rotation in accordance with Article 86 of the Company's Articles of Association and who, being eligible, offer himself for re-election.	**Ordinary Resolution 2**
4.	To approve the payment of a first and final dividend of 2 sen per ordinary share less Income Tax of 25% for the financial year ended 31 December 2010.	**Ordinary Resolution 3**
5.	To approve the payment of Directors' Fees for the financial year ended 31 December 2010.	**Ordinary Resolution 4**
6.	To appoint auditors and to authorise the Directors to fix their remuneration. Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 (set out in Appendix 1 attached to the 2010 Annual Report), has been received by the Company for the nomination of Messrs. BDO who have given their consent to act, for appointment as auditors and of the intention to propose the following resolution : "That, Messrs, BDO be and are appointed as Auditors of the Company in place of the retiring Auditors, Messrs. UHY, to hold office until the conclusion of the next annual general meeting at remuneration to be determined by the Directors."	**Ordinary Resolution 5**
7.	***As Special Business :*** To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution : **AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ISSUE SHARES** "That, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued."	**Ordinary Resolution 6**
8.	To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.	

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a first and final dividend of 2 sen per ordinary share less Income Tax of 25% for the financial year ended 31 December 2010, if approved, will be paid on 08 September 2011 to depositors registered in the Record of Depositors of the Company on 10 August 2011.

A depositor shall qualify for entitlement only in respect of :

a) Shares transferred into the depositor's securities account before 4.00 p.m. on 10 August 2011 in respect of ordinary transfers; and

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

By order of the Board,

LEE PENG LOON (MACS 01258)
P'NG CHIEW KEEM (MAICSA 7026443)
Company Secretaries

Penang
Date : 03 June 2011

NOTES ON APPOINTMENT OF PROXY

1. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies' Act, 1965 shall not apply to the Company.*

2. *For a proxy to be valid, the Proxy Form duly completed must be deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.*

3. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.*

4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*

5. *If the appointer is a corporation, the Proxy Form must be executed under the corporation's Common Seal or under the hand of an officer or attorney duly authorised.*

EXPLANATORY NOTES ON ORDINARY BUSINESS

6. *Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders of the Company and hence, Agenda 1 is not put forward for voting.*

7. *Agenda 6 - Appointment of BDO as Auditors*
   The Auditors, Messrs. UHY, retire and do not wish to seek re-appointment.

   The Directors have confirmed that there were no disagreements with Messrs. UHY on accounting treatments within the last 12 months and that there are no other circumstances connected with the change of auditors that should be brought to the attention of shareholders.

EXPLANATORY NOTE ON SPECIAL BUSINESS

8. *The Ordinary Resolution 6 proposed under Agenda 7, if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.*

   The general mandate for issue of shares is a renewal. As at the date of notice of meeting, no shares has been issued pursuant to the general mandate granted at the last Annual General Meeting of the Company and of which, it will lapse at the conclusion of the Ninth Annual General Meeting of the Company to be held on 28 June 2011.

   The general mandate for issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.

APPENDIX 1

TENG LAY HUAH
348-18-4
LEBUH MACALLUM GAT
10300 GEORGETOWN PENANG

Date : 01.04.2011

The Board of Directors
TEK SENG HOLDINGS BERHAD
51-21-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

Dear Sirs,

TEK SENG HOLDINGS BERHAD ("THE COMPANY")
NOTICE OF NOMINATION OF MESSRS. BDO AS AUDITORS
I, being a shareholder of the Company, hereby give notice pursuant to Section 172(11) of the Companies Act, 1965 of my nomination of Messrs. BDO as Auditors of the Company in place of the retiring Auditors, Messrs. UHY and my intention to propose the following ordinary resolution at the forthcoming Annual General Meeting of the Company:-

"That Messrs. BDO be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. UHY, to hold office until the conclusion of the next annual general meeting at a remuneration to be determined by the Directors."

Yours faithfully,

TENG LAY HUAH
Shareholder

PROXY FORM

TEK SENG HOLDINGS BERHAD

(579572-M)

(Incorporated in Malaysia)

*I / We…………………………………...…………...……………………………...………...………………………………………………………

[Full Name in Block Letters (I/C No./ Passport No./ Company No.)]

of …………………………………………………..………………………………………………………………………………………………

(Address)

*being a * member / members of the abovenamed Company, hereby appoint*……….......…...…….…………..…………...………

...…………………………………………………..………………………………………………………………………………………………

[Full Name in Block Letters (I/C No./ Passport No./ Company No.)]

of …………………………………………………..………………………………………………………………………………………………

(Address)

or failing whom, the Chairman as *my/our proxy to vote for *me/us on *my/our behalf at the 9th Annual General Meeting of the Company, to be held at Kelawai Room, Lobby Level, Evergreen Laurel Hotel of 53, Persiaran Gurney, 10250 Penang on Tuesday, 28 June 2011, at 9.30 a.m. and at any adjournment thereof.

	ORDINARY RESOLUTION					
	1	2	3	4	5	6
FOR						
AGAINST						

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote as he thinks fit.

Signed this ....day of ....,2011.

No. of shares held

……………………………

Signature of Member(s)

Notes :

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies' Act, 1965 shall not apply to the Company.

2. For a proxy to be valid, this form duly completed must be deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.

3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.

4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

5. If the appointer is a corporation, this form must be executed under the corporation's Common Seal or under the hand of an officer or attorney duly authorised.

** Strike out whichever is not desired.*

Affix
Stamp
Here

THE COMPANY SECRETARY
TEK SENG HOLDINGS BERHAD (579572-M)
51-21-A, MENARA BHL BANK,
JALAN SULTAN AHMAD SHAH,
10050 PENANG

Please Fold Here