2011

Annual Report

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 photovoltaic, 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. Yeoh Aik Chuan
Dr. Kamarudin Bin Ngah
Mr. Mohamed Haniffah Bin S.M. Mydin

AUDIT COMMITTEE

Independent Non-Executive Director
Mr. Yeoh Aik Chuan (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. Yeoh Aik Chuan
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. Yeoh Aik Chuan

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.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

BDO (AF0206)
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 Market
Stock Code : 7200

CORPORATE STRUCTURE

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

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

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

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

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

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

DIRECTORS' PROFILE

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 27 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 2011.

MR. LOH KOK BENG
Malaysian, 46 years of age
Executive Chairman
Member of Remuneration Committee

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 22 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 all four Board Meetings held during the financial year ended 31 December 2011.

MR. LOH KOK CHENG
Malaysian, 45 years of age
Managing Director

DIRECTORS' PROFILE (CONT'D)

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 2011.

DR. KAMARUDIN BIN NGAH
Malaysian, 52 years of age
Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Audit Committee
Member of Nomination 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 Haniffah 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 Haniffah 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 Haniffah 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 Haniffah 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.

Mr. Mohamed Haniffah is an independent Director of Perbadanan Usahawan Nasional 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 all four Board Meetings held during the financial year ended 31 December 2011.

MR. MOHAMED HANIFFAH BIN S.M. MYDIN
Malaysian, 59 years of age
Independent Non-Executive Director
Chairman of Nomination Committee
Member of Remuneration Committee
Member of Audit Committee

DIRECTORS' PROFILE (CONT'D)

Mr. Yeoh Aik Chuan was appointed as a Director of Tek Seng Holdings Berhad on 29 June 2011.

Mr. Yeoh has more than 15 years of audit and advisory experience, having served with both Big Four Accounting Firms and Multinational organizations. Apart from his significant experience in a wide range of corporate transactions involving a number of international business organizations for cross border investments, particularly in Thailand, Singapore, Hong Kong and China, he has earned much recognition in professional corporate advisory which include financial valuation, investment appraisals for regional investment projects, joint venture negotiations, strategic and financial planning, merger & acquisition review and feasibility studies.

Currently, Mr. Yeoh is the partner of UHY TAC and is a member of Malaysian Institute of Accountants and an associate member of Chartered Institute of Taxation, Malaysia.

Mr. Yeoh was an Independent Director and Audit Committee Chairman of Advance Information Marketing Bhd.

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 two of the four Board Meetings held during the financial year ended 31 December 2011.

MR. YEOH AIK CHUAN

Malaysian, 42 years of age
Independent Non-Executive Director
Chairman of Audit Committee
Member of Remuneration Committee
Member of Nomination Committee

MDM. LOH JOO ENG

Malaysian, 52 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 27 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 2011.

CONVICTION OF OFFENCE

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

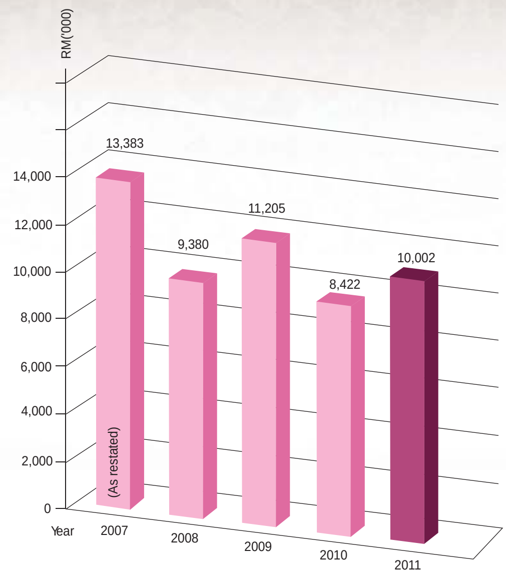
DIRECTORS' SHAREHOLDINGS

The details of the Directors' shareholdings in the Company are set out under the Statistics on Shareholdings in page 87 of this Annual Report.

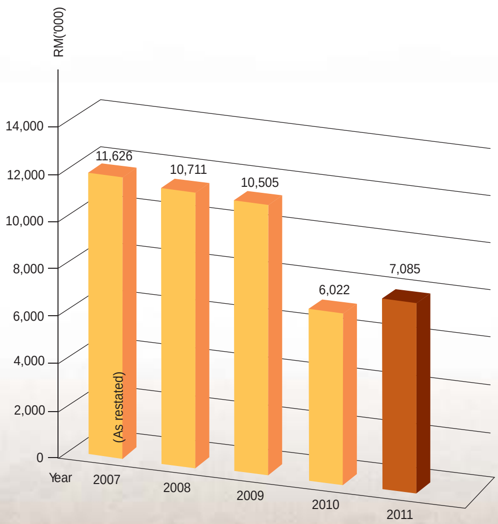
FINANCIAL HIGHLIGHTS

	GROUP	GROUP	GROUP	GROUP	GROUP
	(As restated) 2007	2008	2009	2010	2011
Revenue (RM'000)	142,379	158,441	149,428	168,424	182,002
Profit Before Tax and MI (RM'000)	13,383	9,380	11,205	8,422	10,002
Profit After Tax and MI (RM'000)	11,626	10,711	10,505	6,022	7,085
Gross Earnings Per Share (Sen)	5.58	3.91	4.67	3.51	4.17
Net Earnings Per Share (Sen)	4.84	4.46	4.38	2.52	2.95

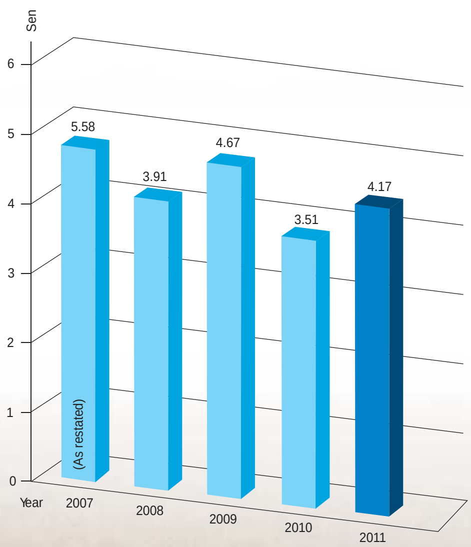
Revenue



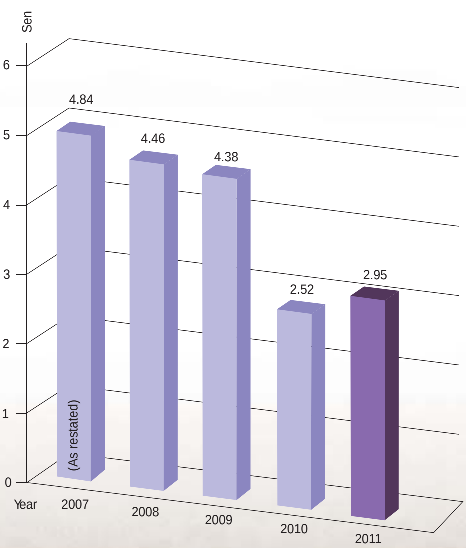
Profit Before Tax and MI



Profit After Tax and MI



Geoss 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 2011.

Business Environment

The year 2011 had embarked on a path of gradual economic stability. The positive signs of stabilisation of the global economy had build momentum and gradually restored the PVC products' demand in the international trade. Due to the demand from many undeveloped countries to purchase high quality PVC products, our Group had witnessed a healthy increase in its revenue for the year 2011.

Financial Performance

For the financial year ended 31 December 2011, our Group's revenue increased by 8.06% to RM182 million as compared with the preceding year. The profit after tax increased to RM7.09 million for the year under review. As at 31 December 2011, our shareholders' equity stood at RM121.1 million as compared with RM117.5 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.

Prospects

The global market for PVC products remain stable due to its versatility, cost effectiveness and an excellent record of use. The consumption from undeveloped countries still represent a promising market due to large population size and growth in construction activities. However, the political uncertainty in the middle east may push the crude oil prices to rise and hence, leading to the increase in the price of raw materials.

To stay competitive, our Group will continue to adopt prudent cost management, improve its operational efficiency, enhance the product range and product quality as a leading one-stop PVC products supplier in the region.

Nevertheless, as part of our Group to mitigate the overdependence on its existing core business of manufacturing and trading of PVC products, our Group had, via its 60% owned subsidiary, TS Solartech Sdn Bhd diversified its revenue sources into solar related business. The construction of a PV Plant for the first manufacturing is in the progress to contribute additional revenue to the Group.

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 safe forklifts driving, 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 Junior Chamber International Pearl (Malaysia), MAA Medicare Kidney Charity Fund, Yayasan Sultan Idris Shah, Beautiful Gate Foundation For The Disabled, Montfort Youth Centre 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. Yeoh Aik Chuan	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	Schmid Training for the Solar Cell Line
	Occupational First Aid & CPR
	Fire Fighting & Prevention
Mdm. Loh Joo Eng	Occupational First Aid & CPR
	Fire Fighting & Prevention
Mr. Yeoh Aik Chuan	Budget 2012 Proposals & Transfer Pricing
	2011 UHY Asia-Pacific Region Meeting
Dr. Kamarudin Bin Ngah	Occupational First Aid & CPR
	Fire Fighting & Prevention
Mr. Mohamed Haniffah Bin S.M. Mydin	Occupational First Aid & CPR
	Fire Fighting & Prevention

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. Yeoh Aik Chuan	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.

The aggregate Directors' Remuneration during the financial year ended 31 December 2011 be categorised into the following components:

Category	Directors' Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	0	1,389,824	1,389,824
Non-Executive Directors	72,000	0	72,000
	72,000	1,389,824	1,461,824

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 2011, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial period, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

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

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

This statement is issued in accordance with a resolution of the Directors dated 25 April 2012.

REPORT OF AUDIT COMMITTEE

COMPOSITION

The Audit Committee consists of :

Name of Members	Designation	Directorate
Mr. Yeoh Aik Chuan	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 2011, 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. Yeoh Aik Chuan (Appointed on 29/06/2011)	2 out of 2
Dr. Kamarudin Bin Ngah	4 out of 4
Mr. Mohamed Haniffah Bin S.M. Mydin	4 out of 4
Mr. Ong Eng Choon (Resigned on 29/06/2011)	2 out of 2

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.

REPORT OF AUDIT COMMITTEE (CONT'D)

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 2011, 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 2011 was RM31,500.00.

During the financial year ended 31 December 2011, 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 2011, 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

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	7,084,696	(343,293)
Attributable to:		
Owners of the parent	7,158,785	(343,293)
Non-controlling interests	(74,089)	0
	7,084,696	(343,293)

DIVIDENDS

Dividend paid, declared or proposed since the end of the previous financial year was as follows:

	RM
In respect of financial year ended 31 December 2010 as reported in the Directors' report of that year:	
Final dividend of 2 sen per share, less tax of 25% on 240,000,000 ordinary shares, paid on 8 September 2011	3,600,000

The Directors propose a final dividend of 2 sen per ordinary share, less tax of 25%, amounting to RM3,600,000 in respect of the current financial year ended 31 December 2011, which is subject to the approval of members at the forthcoming Annual General Meeting.

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.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors who have held office since the date of the last report are :

Loh Kok Beng	
Loh Kok Cheng	
Loh Joo Eng	
Dr. Kamarudin Bin Ngah	
Mohamed Haniffah Bin S.M. Mydin	
Yeoh Aik Chuan	(Appointed on 29 June 2011)
Ong Eng Choon	(Resigned on 29 June 2011)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares in the Company during the financial year ended 31 December 2011 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	[……..……....Number of Ordinary Shares of RM0.25 each……...……..]			
	Balance as at 01-01-2011	Bought	Sold	Balance as at 31-12-2011
Shares in the Company				
Direct interests :				
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
Dr. Kamarudin Bin Ngah	4,375	0	0	4,375
Mohamed Haniffah Bin S.M. Mydin	40,000	0	0	40,000
Indirect interests :				
Loh Kok Beng	0	1,800,000	0	1,800,000
Loh Kok Cheng	0	1,800,000	0	1,800,000
Loh Joo Eng *	110,575	0	0	110,575

By virtue of their interests in the ordinary shares of the Company, Loh Kok Beng and Loh Kok Cheng are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

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

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares in the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than remuneration received by certain Directors as directors/executives of the ultimate holding company and subsidiaries as disclosed in Note 32 to the financial statements.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no bad debts to be written off and that no provision for doubtful debts was necessary; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or making a provision for doubtful debts; and

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

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

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature which is 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; and

(ii) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

(a) On 21 January 2011, the Group acquired 60% of the issued and paid-up ordinary share capital of TS Solartech Sdn. Bhd. for a total purchase consideration of RM1,800,000 funded through internally generated funds. TS Solartech is engaged in manufacturing and sales of photovoltaic products such as solar cells, solar panels or solar modules.

(a) On 12 May 2011, the Company announced the business diversification of the Group into the manufacturing and sales of photovoltaic products.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 31 January 2012, the Company subscribed for an additional 12.2% interest in the equity shares of TS Solartech Sdn. Bhd. for a total cash consideration of RM2,532,000 when the issued and paid-up share capital of TS Solartech Sdn. Bhd. was increased from RM3,000,000 to RM6,000,000.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

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

Loh Kok Beng
Director

Loh Kok Cheng
Director

Dated: 25 APRIL 2012

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 32 to 84 have been drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

LOH KOK BENG
Director

LOH KOK CHENG
Director

Penang
Dated: 25 APRIL 2012

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 the financial statements set out on pages 32 to 84 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown this 25 April 2012

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 2011 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 32 to 83.

The financial statements of the Group and of the Company for the financial year ended 31 December 2010 were audited by another firm of chartered accountants whose report dated 25 April 2011 expressed an unqualified opinion on those statements.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine 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 applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

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

b) We are satisfied that the financial statements of the subsidiaries 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 financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 38 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (‘MIA Guidance’) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

BDO
AF:0206
Chartered Accountants

KOAY THEAM HOCK
2141/04/13 (J)
Chartered Accountant

Penang

Dated: 25 APRIL 2012

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2011

		Group		Company	
	NOTE	2011	2010	2011	2010
		RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	7	118,054,252	105,161,313	0	0
Available-for-sale financial assets	8	0	220,800	0	0
Trade mark	9	3,933	6,041	0	0
Investments in subsidiaries	10	0	0	39,769,093	37,969,093
Deferred tax assets	11	5,520,500	6,382,400	0	0
		123,578,685	111,770,554	39,769,093	37,969,093
CURRENT ASSETS					
Inventories	12	23,804,830	27,539,609	0	0
Trade and other receivables	13	83,040,267	28,788,979	23,393,482	29,917,266
Current tax assets		247,713	71,461	0	0
Cash and cash equivalents	14	18,486,260	2,660,711	8,030	18,643
		125,579,070	59,060,760	23,401,512	29,935,909
TOTAL ASSETS		249,157,755	170,831,314	63,170,605	67,905,002
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	60,000,000	60,000,000	60,000,000	60,000,000
Reserves	16	61,067,850	57,528,265	3,099,095	7,042,388
		121,067,850	117,528,265	63,099,095	67,042,388
Non-controlling interests		1,125,911	0	0	0
TOTAL EQUITY		122,193,761	117,528,265	63,099,095	67,042,388
NON-CURRENT LIABILITIES					
Borrowings	17	25,937,500	360,049	0	0
Deferred tax liabilities	11	862,300	780,700	0	0
		26,799,800	1,140,749	0	0
CURRENT LIABILITIES					
Trade and other payables	20	39,038,451	19,908,624	71,510	862,614
Borrowings	17	60,548,621	32,213,902	0	0
Current tax payable		577,122	39,774	0	0
		100,164,194	52,162,300	71,510	862,614
TOTAL LIABILITIES		126,963,994	53,303,049	71,510	862,614
TOTAL EQUITY AND LIABILITIES		249,157,755	170,831,314	63,170,605	67,905,002

The annexed notes form part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2011

	NOTE	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
REVENUE	23	182,002,619	168,424,571	0	0
Other income	24	337,488	640,078	0	0
Changes in inventories of work-in-progress and finished goods		726,649	(530,471)	0	0
Purchase of trading merchandise		(14,090,459)	(16,438,759)	0	0
Raw materials and consumables used		(110,883,189)	(99,048,859)	0	0
Depreciation and amortisation		(13,140,474)	(14,358,887)	0	0
Employee benefits	25	(12,361,992)	(11,266,786)	0	0
Carriage outwards		(4,267,305)	(3,718,319)	0	0
Utilities expenses		(7,445,094)	(6,881,732)	0	0
Other expenses		(9,096,161)	(7,019,046)	(343,293)	(192,142)
Finance costs	26	(1,780,474)	(1,379,855)	0	0
PROFIT/(LOSS) BEFORE TAX	27	10,001,608	8,421,935	(343,293)	(192,142)
Tax expense	28	(2,916,912)	(2,399,857)	0	0
Profit/(Loss) for the financial year		7,084,696	6,022,078	(343,293)	(192,142)
OTHER COMPREHENSIVE (LOSS)/INCOME:					
Fair value gain on available-for-sale financial assets		0	19,200	0	0
Reclassification adjustments relating to available-for-sale financial assets disposed off in the year		(19,200)	0	0	0
Other comprehensive (loss)/income, net of tax		(19,200)	19,200	0	0
Total comprehensive income/(loss)		7,065,496	6,041,278	(343,293)	(192,142)
Profit attributable to:					
Owners of the parent		7,158,785	6,022,078	(343,293)	(192,142)
Non-controlling interests		(74,089)	0	0	0
		7,084,696	6,022,078	(343,293)	(192,142)
Total comprehensive income attributable to:					
Owners of the parent		7,139,585	6,041,278	(343,293)	(192,142)
Non-controlling interests		(74,089)	0	0	0
		7,065,496	6,041,278	(343,293)	(192,142)
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic earnings per share	29	0.03	0.03		
Diluted earnings per share	29	N/A	N/A		

The annexed notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2011

Group	Share capital RM	Available-for-sale reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance at 1 January 2010	60,000,000	0	55,086,987	115,086,987	0	115,086,987
Profit for the financial year	0	0	6,022,078	6,022,078	0	6,022,078
Fair value of available-for-sale financial assets	0	19,200	0	19,200	0	19,200
Total comprehensive income	0	19,200	6,022,078	6,041,278	0	6,041,278
Transactions with owners						
Dividend paid (Note 30)	0	0	(3,600,000)	(3,600,000)	0	(3,600,000)
Total transactions with owners	0	0	(3,600,000)	(3,600,000)	0	(3,600,000)
Balance at 31 December 2010	60,000,000	19,200	57,509,065	117,528,265	0	117,528,265
Balance at 1 January 2011	60,000,000	19,200	57,509,065	117,528,265	0	117,528,265
Profit/(Loss) for the financial year	0	0	7,158,785	7,158,785	(74,089)	7,084,696
Available-for-sale financial assets disposed off during the year	0	(19,200)	0	(19,200)	0	(19,200)
Total comprehensive income	0	(19,200)	7,158,785	7,139,585	(74,089)	7,065,496
Transactions with owners						
Dividend paid (Note 30)	0	0	(3,600,000)	(3,600,000)	0	(3,600,000)
Non-controlling interests arising on a business combination	0	0	0	0	1,200,000	1,200,000
Total transactions with owners	0	0	(3,600,000)	(3,600,000)	1,200,000	(2,400,000)
Balance at 31 December 2011	60,000,000	0	61,067,850	121,067,850	1,125,911	122,193,761

The annexed notes form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2011 (continued)

Company	Share capital RM	Retained earnings RM	Total equity RM
Balance at 1 January 2010	60,000,000	10,834,530	70,834,530
Loss for the financial year	0	(192,142)	(192,142)
Total comprehensive loss	0	(192,142)	(192,142)
Transactions with owners			
Dividend paid (Note 30)	0	(3,600,000)	(3,600,000)
Total transactions with owners	0	(3,600,000)	(3,600,000)
Balance at 31 December 2010	60,000,000	7,042,388	67,042,388
Balance at 1 January 2011	60,000,000	7,042,388	67,042,388
Loss for the financial year	0	(343,293)	(343,293)
Total comprehensive loss	0	(343,293)	(343,293)
Transactions with owners			
Dividend paid (Note 30)	0	(3,600,000)	(3,600,000)
Total transactions with owners	0	(3,600,000)	(3,600,000)
Balance at 31 December 2011	60,000,000	3,099,095	63,099,095

The annexed notes form part of the financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		10,001,608	8,421,935	(343,293)	(192,142)
Adjustments for:					
Amortisation of trade mark		2,108	2,108	0	0
Bad debts written off		0	21,864	0	0
Depreciation of property, plant and equipment	7	13,140,474	14,358,887	0	0
Interest expense	26	1,780,474	1,379,855	0	0
Gain on disposal of property, plant and equipment		(130,564)	(21,677)	0	0
Gain on disposal of available-for-sale financial assets		(26,224)	0	0	0
Property, plant and equipment written off		4,718	0	0	0
Unrealised gain on foreign exchange		(124,806)	(191,538)	0	0
Interest income		(21,143)	(1,144)	0	0
Operating profit/(loss) before working capital changes		24,626,645	23,970,290	(343,293)	(192,142)
Inventories		3,734,779	(796,489)	0	0
Trade and other receivables		(54,238,589)	(1,709,608)	6,523,784	3,022,772
Trade and other payables		19,978,788	2,335,972	(11,978)	1,905
Net cash (used in)/generated from operations		(5,898,377)	23,800,165	6,168,513	2,832,535
Interest received		21,143	1,144	0	0
Interest paid	26	(1,780,474)	(1,379,855)	0	0
Tax paid		(1,612,316)	(1,680,702)	0	0
Net cash flow (used in)/ from operating activities		(9,270,024)	20,740,752	6,168,513	2,832,535
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	7	(26,214,263)	(3,410,223)	0	0
Purchase of available-for-sale financial assets		0	(201,600)	0	0
Proceeds from disposal of property, plant and equipment		306,696	470,724	0	0
Proceeds from disposal of available-for-sale financial assets		227,824	0	0	0
Acquisition of subsidiary for cash, net of cash acquired	31	1,200,000	0	(1,800,000)	0
Net cash flow used in investing activities		(24,479,743)	(3,141,099)	(1,800,000)	0
CASH FLOW FROM FINANCING ACTIVITIES					
Dividends paid		(4,379,126)	(2,834,563)	(4,379,126)	(2,834,563)
Drawndown of:					
- short term bank loans		161,010,949	110,462,647	0	0
- term loans		30,002,541	0	0	0
Repayment of:					
- short term bank loans		(137,511,426)	(118,481,883)	0	0
- term loans		(2,111,828)	(5,774,683)	0	0
Net cash flow from/(used in) financing activities		47,011,110	(16,628,482)	(4,379,126)	(2,834,563)

The annexed notes form part of the financial statements.

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2011 (continued)

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Net increase/(decrease) in cash and cash equivalents		13,261,343	971,171	(10,613)	(2,028)
Effects of exchange rate changes on cash and cash equivalents		(13,785)	(42,427)	0	0
Cash and cash equivalents at beginning of financial year		2,436,841	1,508,097	18,643	20,671
Cash and cash equivalents at end of financial year	14	15,684,399	2,436,841	8,030	18,643

The annexed notes form part of the financial statements.

1. GENERAL INFORMATION

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

The registered office of the Company is located at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at Plot 159 MK 13, Jalan Perindustrian Bukit Minyak 7, Bukit Minyak Industrial Park, 14000 Bukit Mertajam, Penang.

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

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 25 April 2012.

2. PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company as set out on pages 32 to 84 have been prepared in accordance with applicable approved Financial Reporting Standards ('FRSs') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 38 to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Basis of consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represents the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at either fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs. The choice of measurement basis is made on an combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The Group has applied the revised FRS 3 Business Combinations in accounting for business combinations from 1 January 2011 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the Standard.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 Financial Instruments: Recognition and Measurement or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Business combinations

Business combinations from 1 January 2011 onwards

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 Income Taxes and FRS 119 Employee Benefits respectively;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 Share-based Payment at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the service are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.6. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Business combinations (continued)

Business combinations before 1 January 2011

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (see Note 4.6) to the financial statements on goodwill. If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination; and

(b) recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses. Long term leasehold is amortised equally over the lease period of 60 years.

Freehold land has an unlimited useful life and is not depreciated. Capital work-in-progress represents machinery under installation and leasehold land and building-in-progress and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Property, plant and equipment and depreciation (continued)

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

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

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.7 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

4.5 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company have power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost. Investments accounted for at cost shall be accounted for in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Intangible assets

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Trade mark

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. Trade mark is not revalued and is shown at cost less accumulated amortisation and any accumulated impairment losses.

4.7 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Impairment of non-financial assets (continued)

The impairment loss is recognised in profit or loss immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to profit or loss.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss in the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

4.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. The cost of raw materials comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

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.

4.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Financial instruments (continued)

(a) Financial assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

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

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Financial instruments (continued)

(a) Financial assets (continued)

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Financial instruments (continued)

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.10 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable or investee, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial 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 loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates 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 impairment reversed is recognised in profit or loss.

4.11 Borrowing costs

All other borrowing cost is recognised in profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Income taxes

Taxes in the income statement comprise current tax and deferred tax.

(a) Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the end of the reporting period.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

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

(i) either the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax will be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

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

4.13 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 Provisions (continued)

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.14 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest.

4.15 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

4.16 Foreign currencies

(a) Functional and presentation currency

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

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

(b) Interest income

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

(c) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

4.18 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and

(ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.18 Operating segments (continued)

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.19 Earnings per share

(a) Basic

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

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

5. ACCOUNTING STANDARDS

5.1 New FRSs and amendment to FRSs adopted during the financial year

(a) Amendments to FRS 132 are mandatory for annual periods beginning on or after 1 March 2010 in respect of the classification of rights issues respectively.

These Amendments clarify that rights, options or warrants to acquire a fixed number of the Group's own equity instruments for a fixed amount of any currency shall be classified as equity instruments rather than financial liabilities if the Group offers the rights, options or warrants pro rata to all of its own existing owners of the same class of its own non-derivative equity instruments.

There is no impact upon adoption of these Amendments during the financial year.

(b) IC Interpretation 12 Service Concession Arrangements is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to operators for public-to-private service concession arrangements, whereby infrastructure within the scope of this Interpretation shall not be recognised as property, plant and equipment of the operator. The operator shall recognise and measure revenue in accordance with FRS 111 Construction Contracts and FRS 118 for the services performed. The operator shall also account for revenue and costs relating to construction or upgrade services in accordance with FRS 111.

Consideration received or receivable by the operator for the provision of construction or upgrade services shall be recognised at its fair value. If the consideration consists of an unconditional contractual right to receive cash or another financial asset from the grantor, it shall be classified as a financial asset. Conversely, if the consideration consists of a right to charge users of the public service, it shall be classified as an intangible asset.

This Interpretation is not applicable to the Group.

5. ACCOUNTING STANDARDS (CONTINUED)

5.1 New FRSs and amendment to FRSs adopted during the financial year (continued)

(c) FRS 1 First-time Adoption of Financial Reporting Standards is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 1 and shall be applied when the Group adopts FRSs for the first time via the explicit and unreserved statement of compliance with FRSs. An opening FRS statement of financial position shall be prepared and presented at the date of transition to FRS, whereby:

(i) All assets and liabilities shall be recognised in accordance with FRSs;

(ii) Items of assets and liabilities shall not be recognised if FRSs do not permit such recognition;

(iii) Items recognised in accordance with previous GAAP shall be reclassified in accordance with FRSs; and

(iv) All recognised assets and liabilities shall be measured in accordance with FRSs.

All resulting adjustments shall therefore be recognised directly in retained earnings at the date of transition to FRSs.

There is no impact upon adoption of this Standard during the financial year.

(d) FRS 3 Business Combinations is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 3 and now includes business combinations involving mutual entities and those achieved by way of contract alone. Any non-controlling interest in an acquiree shall be measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The time limit on the adjustment to goodwill due to the arrival of new information on the crystallisation of deferred tax benefits shall be restricted to the measurement period resulting from the arrival of the new information. Contingent liabilities acquired arising from present obligations shall be recognised, regardless of the probability of outflow of economic resources.

Acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred and the services are received. Consideration transferred in a business combinations, including contingent consideration, shall be measured and recognised at fair value at acquisition date. Any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss.

In business combinations achieved in stages, the acquirer shall remeasure its previously held equity interest at its acquisition date fair value and recognise the resulting gain or loss in profit or loss.

The revised FRS 3 has been applied prospectively in accordance with its transitional provisions. Assets and liabilities that arose from business combinations whose acquisition dates were before 1 July 2010 are not adjusted.

During the financial year, the newly acquired subsidiary was accounted for in accordance with this new Standard as disclosed in Note 31 to the financial statements.

(e) FRS 127 Consolidated and Separate Financial Statements is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 127 and replaces the current term 'minority interest' with the new term 'non-controlling interest' which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

5. ACCOUNTING STANDARDS (CONTINUED)

5.1 New FRSs and amendment to FRSs adopted during the financial year (continued)

(e) FRS 127 Consolidated and Separate Financial Statements is mandatory for annual periods beginning on or after 1 July 2010 (continued).

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the Group loses control of a subsidiary, any gains or losses are recognised in profit or loss and any investment retained in the former subsidiary shall be remeasured at its fair value at the date when control is lost.

According to its transitional provisions, the revised FRS 127 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interest, attribution of losses to non-controlling interest, and disposal of subsidiaries before 1 July 2010. These changes would only affect future transactions with non-controlling interest.

(f) Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010.

Amendments to FRS 2 Share-based Payments clarify that transactions in which the Group acquired goods as part of the net assets acquired in a business combination or contribution of a business on the formation of a joint venture are excluded from the scope of this Standard. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 5 clarify that non-current asset classified as held for distribution to owners acting in their capacity as owners are within the scope of this Standard. The amendment also clarifies that in determining whether a sale is highly probable, the probability of shareholders' approval, if required in the jurisdiction, shall be considered. In a sale plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary shall be classified as held for sale, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale. Discontinued operations information shall also be presented. Non-current asset classified as held for distribution to owners shall be measured at the lower of its carrying amount and fair value less costs to distribute. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 138 clarify that the intention of separating an intangible asset is irrelevant in determining the identifiability of the intangible asset. In a separate acquisition and acquisition as part of a business combinations, the price paid by the Group reflects the expectations of the Group of an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. Accordingly, the probability criterion is always considered to be satisfied for separately acquired intangible assets. The useful life of a reacquired right recognised as an intangible asset in a business combinations shall be the remaining contractual period of the contract in which the right was granted, and do not include renewal periods. In the case of a reacquired right in a business combinations, if the right is subsequently reissued to a third party, the related carrying amount shall be used in determining the gain or loss on reissue. There is no impact upon adoption of these Amendments during the financial year.

Amendments to IC Interpretation 9 clarify that embedded derivatives in contracts acquired in a business combinations, combination of entities or business under common controls, or the formation of a joint venture are excluded from this Interpretation. There is no impact upon adoption of these Amendments during the financial year.

(g) IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to hedges undertaken on foreign currency risk arising from net investments in foreign operations and the Group wishes to qualify for hedge accounting in accordance with FRS 139.

5. ACCOUNTING STANDARDS (CONTINUED)

5.1 New FRSs and amendment to FRSs adopted during the financial year (continued)

(g) IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation is mandatory for annual periods beginning on or after 1 July 2010 (continued).

Hedge accounting is applicable only to the foreign exchange differences arising between the functional currency of the foreign operation and the functional currency of any parent (immediate, intermediate or ultimate parent) of that foreign operation. An exposure to foreign currency risk arising from a net investment in a foreign operation may qualify for hedge accounting only once in the consolidated financial statements.

Hedging instruments designated in the hedge of a net investment in a foreign operation may be held by any companies within the Group, as long as the designation, documentation and effectiveness requirements of FRS 139 are met. There is no impact upon adoption of this Interpretation during the financial year.

(h) IC Interpretation 17 Distributions of Non-cash Assets to Owners is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to non-reciprocal distributions of non-cash assets by the Group to its owners in their capacity as owners, as well as distributions that give owners a choice of receiving either non-cash assets or a cash alternative. This Interpretation also applies to distributions in which all owners of the same class of equity instruments are treated equally.

The liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the Group. The liability shall be measured at the fair value of the assets to be distributed. If the Group gives its owners a choice of receiving either a non-cash asset or a cash alternative, the dividend payable shall be estimated by considering the fair value of both alternatives and the associated probability of the owners' selection.

At the end of each reporting period, the carrying amount of the dividend payable shall be remeasured and any changes shall be recognised in equity. At the settlement date, any difference between the carrying amounts of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss. There is no impact upon adoption of this Interpretation during the financial year.

(i) Amendment to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters is mandatory for annual period beginning on or after 1 January 2011.

This Amendment permits a first-time adopter of FRSs to apply the exemption of not restating comparatives for the disclosures required in Amendments to FRS 7.

There is no impact upon adoption of this Amendment during the financial year.

(j) Amendments to FRS 1 Additional Exemptions for First-time Adopters are mandatory for annual periods beginning on or after 1 January 2011.

These Amendments permit a first-time adopter of FRSs to apply the exemption of not restating the carrying amounts of oil and gas assets determined under previous GAAP.

There is no impact upon adoption of these Amendments during the financial year.

(k) Amendments to FRS 7 Improving Disclosures about Financial Instruments are mandatory for annual periods beginning on or after 1 January 2011.

These Amendments require enhanced disclosures of fair value of financial instruments based on the fair value hierarchy, including the disclosure of significant transfers between Level 1 and Level 2 of the fair value hierarchy as well as reconciliations for fair value measurements in Level 3 of the fair value hierarchy.

There is no impact upon adoption of these Amendments during the financial year.

5. ACCOUNTING STANDARDS (CONTINUED)

5.1 New FRSs and amendment to FRSs adopted during the financial year (continued)

(i) Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions are mandatory for annual periods beginning on or after 1 January 2011.

These Amendments clarify the scope and the accounting for group cash-settled share-based payment transactions in the separate financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction.

There is no impact upon adoption of these Amendments during the financial year.

(m) IC Interpretation 4 Determining whether an Arrangement contains a Lease is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation requires the determination of whether an arrangement is, or contains, a lease based on an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset. This assessment shall be made at the inception of the arrangement and subsequently reassessed if certain condition(s) in the Interpretation is met.

There is no impact upon adoption of this Interpretation during the financial year because there are no arrangements dependent on the use of specific assets in the Group.

(n) IC Interpretation 18 Transfers of Assets from Customers is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation applies to agreements in which an entity receives from a customer either an item of property, plant and equipment that must be used to either connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services or cash for the acquisition or construction of property, plant and equipment. The entity receiving the transferred item is required to assess whether the transferred item meets the definition of an asset set out in the Framework. The credit entry would be accounted for as revenue in accordance with FRS 118.

There is no impact upon adoption of this Interpretation during the financial year because there are no such arrangement in the Group.

(o) Improvements to FRSs (2010) are mandatory for annual periods beginning on or after 1 January 2011.

Amendments to FRS 1 clarify that FRS 108 does not apply to changes in accounting policies made upon adoption of FRSs until after the first FRS financial statements have been presented. If changes in accounting policies or exemptions in this FRS are used, an explanation of such changes together with updated reconciliations shall be made in each interim financial report. Entities whose operations are subject to rate regulation are permitted the use of previously revalued amounts as deemed cost. There is no impact upon adoption of these amendments during the financial year.

Amendments to FRS 3 clarify that for each business combination, the acquirer shall measure at the acquisition date non-controlling interests that consists of the present ownership interests and entitle holders to a proportionate share of the entity's net assets in the event of liquidation. Un-replaced and voluntarily replaced share-based payment transactions shall be measured using the market-based measurement method in accordance with FRS 2 at the acquisition date. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 7 clarify that quantitative disclosures of risk concentrations are required if the disclosures made in other parts of the financial statements are not readily apparent. The disclosure on maximum exposure to credit risk is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk. The Group has incorporated these disclosures on maximum exposure to credit risk in Note 35 to the financial statements.

5. ACCOUNTING STANDARDS (CONTINUED)

5.1 New FRSs and amendment to FRSs adopted during the financial year (continued)

(o) Improvements to FRSs (2010) are mandatory for annual periods beginning on or after 1 January 2011 (continued).

Amendments to FRS 101 clarify that a statement of changes in equity shall be presented as part of a complete set of financial statements and analysis of other comprehensive income shall also be presented in the statement of changes in equity. This has been reflected in the statement of changes in equity.

Amendments to FRS 121 The Effects of Changes in Foreign Exchange Rates clarify that the accounting treatment for cumulative foreign exchange differences in other comprehensive income for the disposal or partial disposal of a foreign operation shall be applied prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 128 clarify that the accounting treatment for the cessation of significant influence over an associate shall be applied prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 131 clarify that the accounting treatment for the cessation of joint control over an entity shall be applied prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 132 clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 134 clarify that updated information on significant events and transactions since the end of the last annual reporting period shall be included in the Group's interim financial report. There is no impact upon adoption of these Amendments during the financial year. However, there would be additional disclosures in the quarterly interim financial statements of the Group.

Amendments to FRS 139 clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to IC Interpretation 13 clarify that the fair value of award credits takes into account, amongst others, the amount of the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale. There is no impact upon adoption of these Amendments during the financial year.

5.2 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012

On 19 November 2011, the Malaysian Accounting Standards Board ('MASB') announced the issuance of the new MFRS framework that is applicable to entities other than private entities.

The Group is expected to apply the MFRS framework for the financial year ending 31 December 2012.

This would result in the Group preparing an opening MFRS statement of financial position as at 1 January 2011 which adjusts for differences between the classification and measurement bases in the existing FRS framework versus that in the new MFRS framework. This would also result in a restatement of the annual and quarterly financial performance for the financial year ending 31 December 2011 in accordance with MFRS which would form the MFRS comparatives for the quarter ending 31 March 2012 and financial year ending 31 December 2012 respectively.

5. ACCOUNTING STANDARDS (CONTINUED)

5.2 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (continued)

The MFRSs and IC Interpretations expected to be adopted are as follows:

	Effective Date
MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2012
MFRS 2 *Share-based Payment*	1 January 2012
MFRS 3 *Business Combinations*	1 January 2012
MFRS 4 *Insurance Contracts*	1 January 2012
MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2012
MFRS 6 *Exploration for and Evaluation of Mineral Resources*	1 January 2012
MFRS 7 *Financial Instruments: Disclosures*	1 January 2012
MFRS 8 *Operating Segments*	1 January 2012
MFRS 9 *Financial Instruments*	1 January 2015
MFRS 10 *Consolidated Financial Statements*	1 January 2013
MFRS 11 *Joint Arrangements*	1 January 2013
MFRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13 *Fair Value Measurement*	1 January 2013
MFRS 101 *Presentation of Financial Statements*	1 January 2012
Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*	1 July 2012
MFRS 102 *Inventories*	1 January 2012
MFRS 107 *Statement of Cash Flows*	1 January 2012
MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2012
MFRS 110 *Events After the Reporting Period*	1 January 2012
MFRS 111 *Construction Contracts*	1 January 2012
MFRS 112 *Income Taxes*	1 January 2012
MFRS 116 *Property, Plant and Equipment*	1 January 2012
MFRS 117 *Leases*	1 January 2012
MFRS 118 *Revenue*	1 January 2012
MFRS 119 *Employee Benefits*	1 January 2012
MFRS 119 *Employee Benefits (revised)*	1 January 2013
MFRS 120 *Accounting for Government Grants and Disclosure of* Government Assistance	1 January 2012
MFRS 121 *The Effects of Changes in Foreign Exchange Rates*	1 January 2012
MFRS 123 *Borrowing Costs*	1 January 2012
MFRS 124 *Related Party Disclosures*	1 January 2012
MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*	1 January 2012
MFRS 127 *Consolidated and Separate Financial Statements*	1 January 2012
MFRS 127 *Separate Financial Statements*	1 January 2013
MFRS 128 *Investments in Associates*	1 January 2012
MFRS 128 *Investments in Associates and Joint Ventures*	1 January 2013
MFRS 129 *Financial Reporting in Hyperinflationary Economies*	1 January 2012
MFRS 131 *Interests in Joint Ventures*	1 January 2012
MFRS 132 *Financial Instruments: Presentation*	1 January 2012
MFRS 133 *Earnings Per Share*	1 January 2012
MFRS 134 *Interim Financial Reporting*	1 January 2012
MFRS 136 *Impairment of Assets*	1 January 2012
MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*	1 January 2012
MFRS 138 *Intangible Assets*	1 January 2012
MFRS 139 *Financial Instruments: Recognition and Measurement*	1 January 2012
MFRS 140 *Investment Property*	1 January 2012
MFRS 141 *Agriculture*	1 January 2012

5. ACCOUNTING STANDARDS (CONTINUED)

5.2 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (continued)

The MFRSs and IC Interpretations expected to be adopted are as follows (continued):

	Effective Date
Improvements to MFRSs	1 January 2012
Amendments to MFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 March 2012
IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2012
IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2012
IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*	1 January 2012
IC Interpretation 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2012
IC Interpretation 6 *Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2012
IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies*	1 January 2012
IC Interpretation 9 *Reassessment of Embedded Derivatives*	1 January 2012
IC Interpretation 10 *Interim Financial Reporting and Impairment*	1 January 2012
IC Interpretation 12 *Service Concession Arrangements*	1 January 2012
IC Interpretation 13 *Customer Loyalty Programmes*	1 January 2012
IC Interpretation 14 *MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2012
IC Interpretation 15 *Agreements for the Construction of Real Estate*	1 January 2012
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 January 2012
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*	1 January 2012
IC Interpretation 18 *Transfers of Assets from Customers*	1 January 2012
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 January 2012
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
IC Interpretation 107 *Introduction of the Euro*	1 January 2012
IC Interpretation 110 *Government Assistance – No Specific Relation to Operating Activities*	1 January 2012
IC Interpretation 112 *Consolidation – Special Purpose Entities*	1 January 2012
IC Interpretation 113 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*	1 January 2012
IC Interpretation 115 *Operating Leases – Incentives*	1 January 2012
IC Interpretation 125 *Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*	1 January 2012
IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2012
IC Interpretation 129 *Service Concession Arrangements Disclosures*	1 January 2012
IC Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*	1 January 2012
IC Interpretation 132 *Intangible Assets – Web Site Costs*	1 January 2012

The Group has performed the assessment of impact of adoption of MFRS and concluded that there is no material impact. Accordingly, the opening MFRS statement of financial position as at 1 January 2011 and the relevant reconciliations have not been prepared and disclosed.

5. ACCOUNTING STANDARDS (CONTINUED)

5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2012

(a) Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income are mandatory for annual periods beginning on or after 1 July 2012.

These Amendments requires the Group to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments) or otherwise. It does not change the option to present items of other comprehensive income either before tax or net of tax. However, if the items are presented before tax, then the tax related to each of the two Groups of other comprehensive income items shall be shown separately.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2013.

(b) MFRS 10 Consolidated Financial Statements is mandatory for annual periods beginning on or after 1 January 2013.

This Standard defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The investor is required to reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The Group is in the process of assessing the impact of implementing these Standards since the effects would only be observable for the financial year ending 31 December 2013.

(c) MFRS 11 Joint Arrangements is mandatory for annual periods beginning on or after 1 January 2013.

This Standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangements are classified into two types; joint operations and joint ventures. A joint operation is a joint arrangement whereby joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangements. A joint operator recognises and measures the assets and liabilities in relation to its interest in the arrangement in accordance with applicable relevant MFRS whereas a joint venture recognises the investment using the equity method of accounting.

This Standard is not applicable to the Group.

(d) MFRS 12 Disclosure of Interests in Other Entities is mandatory for annual periods beginning on or after 1 January 2013.

This Standard establishes disclosure objectives and requirements that enable users of financial statements to evaluate the nature of, and risks associated with, the Group's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. If the minimum disclosures required in this Standard are not sufficient to meet the disclosure objectives, the Group is expected to disclose whatever additional information that is necessary to meet that objective.

The Group is in the process of assessing the impact of implementing these Standards since the effects would only be observable for the financial year ending 31 December 2013.

5. ACCOUNTING STANDARDS (CONTINUED)

5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2012 (continued)

(e) MFRS 13 Fair Value Measurements is mandatory for annual periods beginning on or after 1 January 2013.

This Standard applies to FRS that requires or permits fair value measurements or disclosures about fair value measurements. It explains how to measure fair value for financial reporting and does not require fair value measurements in addition to those already required or permitted by other MFRS. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The definition of fair value is a market-based measurement and not an entity-specific measurement whereby assumptions made by market participants would be used when pricing the asset or liability under current market conditions. Consequently, the Company's intention to hold an asset or to settle or fulfil a liability is not relevant when measuring fair value.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(f) MFRS 127 Separate Financial Statements (revised) is mandatory effective for annual periods beginning on or after 1 January 2013.

This revised Standard contains accounting requirements for investments in subsidiaries, joint ventures and associates when separate financial statements are prepared. The Company is required to account for those investments either at cost or in accordance with MFRS 9 in the separate financial statements.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(g) MFRS 128 Investments in Associates and Joint Ventures (revised) is mandatory for annual periods beginning on or after 1 January 2013.

This revised Standard defines the equity method of accounting whereby the investment in an associate or joint venture is initially measured at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes its share of the profit or loss of the investee and the other comprehensive income of the investor includes its share of other comprehensive income of the investee.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

(h) MFRS 119 Employee Benefits(revised) is mandatory for annual periods beginning on or after 1 January 2013.

This revised Standard requires the Group to recognise all changes in the defined benefit obligations and in the fair value of related plan assets when those changes occur. The Group is also required to split the changes in the net defined benefit liability or asset into the following three components: service cost (presented in profit or loss), net interest on the net defined benefit liability (presented in profit or loss) and remeasurement of the net defined benefit liability (presented in other comprehensive income and not recycled through profit or loss).

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

5. ACCOUNTING STANDARDS (CONTINUED)

5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2012 (continued)

(i) IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine is mandatory for annual periods beginning on or after 1 January 2013.

This Interpretation clarifies that removed material that can be used to build up inventory is accounted for in accordance with the principles of MFRS 102 Inventories. The other removed material, that provides access to deeper levels of material that will be mined in future periods, is recognised as a non-current asset (referred to as a 'stripping activity asset') if recognition criteria are met. This Interpretation requires stripping activity assets to be measured at cost at initial recognition. Consequently, they are carried either at cost or revalued amount less depreciation or amortisation and any impairment losses.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation.

(j) Amendments to MFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities is mandatory for annual periods beginning on or after 1 January 2013.

These Amendments require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2013.

(k) Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities is mandatory for annual periods beginning on or after 1 January 2014.

These Amendments provide the application guidance for criteria to offset financial assets and financial liabilities.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2014.

(l) MFRS 9 Financial Instruments is mandatory for annual periods beginning on or after 1 January 2015.

This Standard addresses the classification and measurement of financial assets and financial liabilities. All financial assets shall be classified on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. Financial assets are subsequently measured at amortised cost or fair value. Financial liabilities are subsequently measured at amortised cost or fair value. However, changes due to own credit risk in relation to the fair value option for financial liabilities shall be recognised in other comprehensive income.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2015.

(m) Mandatory Effective Date of MFRS 9 and Transition Disclosures is effective immediately upon adoption of FRS 9.

This Amendment modifies the effective date of MFRS 9 from 1 January 2013 to 1 January 2015. Transitional provisions in MFRS 9 were also amended to provide certain relief from retrospective adjustments.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2015.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Critical judgement

There are no critical judgement involved that have a significant effect on the amounts recognised in the financial statements.

6.2 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Depreciation of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. The estimated useful lives applied by the Group as disclosed in Note 4.4 to the financial statements reflects the Directors' estimate of the period that the Group expects to derive future economic benefits from the use of the Group's property, plant and equipment. These are common life expectancies applied in various business segments of the Group. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

(b) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profits will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(c) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

(d) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

(e) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2011 RM	Additions RM	Reclassification RM	Disposals RM	Written off RM	Depreciation charges for the financial year RM	Balance as at 31.12.2011 RM
Carrying amount							
Long term leasehold land	6,854,027	0	0	0	0	(133,985)	6,720,042
Freehold land	258,352	0	0	0	0	0	258,352
Buildings	30,533,053	125,000	0	0	0	(702,943)	29,955,110
Office equipment, furniture and fittings	470,428	20,890	0	0	(4,718)	(102,285)	384,315
Plant and machinery	64,775,498	1,280,497	984,866	(21,212)	0	(11,696,084)	55,323,565
Motor vehicles	1,135,088	697,031	0	(1)	0	(505,177)	1,326,941
Electrical installation	1	0	0	0	0	0	1
Capital work-in-progress	1,134,866	24,090,845	(984,866)	(154,919)	0	0	24,085,926
	105,161,313	26,214,263	0	(176,132)	(4,718)	(13,140,474)	118,054,252

	[......At 31.12.2011		......]
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Long term leasehold land	7,973,435	1,253,393	6,720,042
Freehold land	258,352	0	258,352
Buildings	35,272,149	5,317,039	29,955,110
Office equipment, furniture and fittings	1,716,630	1,332,315	384,315
Plant and machinery	121,036,845	65,713,280	55,323,565
Motor vehicles	3,986,913	2,659,972	1,326,941
Electrical installation	48,435	48,434	1
Capital work-in-progress	24,085,926	0	24,085,926
	194,378,685	76,324,433	118,054,252

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Balance as at 1.1.2010 RM	Additions RM	Disposals RM	Depreciation charges for the financial year RM	Balance as at 31.12.2010 RM
Carrying amount					
Long term leasehold land	6,988,012	0	0	(133,985)	6,854,027
Freehold land	258,352	0	0	0	258,352
Buildings	31,235,996	0	0	(702,943)	30,533,053
Office equipment, furniture and fittings	619,756	0	0	(149,328)	470,428
Plant and machinery	74,873,723	2,842,933	0	(12,941,158)	64,775,498
Motor vehicles	1,391,184	237,424	(62,047)	(431,473)	1,135,088
Electrical installation	1	0	0	0	1
Capital work-in-progress	1,192,000	329,866	(387,000)	0	1,134,866
	116,559,024	3,410,223	(449,047)	(14,358,887)	105,161,313

	[……………….....…At 31.12.2010	…......………………..]	
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Long term leasehold land	7,973,435	1,119,408	6,854,027
Freehold land	258,352	0	258,352
Buildings	35,147,149	4,614,096	30,533,053
Office equipment, furniture and fittings	1,695,740	1,225,312	470,428
Plant and machinery	118,771,482	53,995,984	64,775,498
Motor vehicles	3,941,688	2,806,600	1,135,088
Electrical installation	48,435	48,434	1
Capital work-in-progress	1,134,866	0	1,134,866
	168,971,147	63,809,834	105,161,313

7. PROPERTY, PLANT AND EQUIPMENT(CONTINUED)

(a) As at 31 December 2011, the carrying amount of the property, plant and equipment under term loan arrangements is as follows:

	Group 2011 RM	Group 2010 RM
Plant and machinery	1,441,800	17,599,260

Details of the terms and conditions of the term loan arrangements are disclosed in Notes 17 and 35 to the financial statements respectively.

(b) As at 31 December 2011, long term leasehold land and factory buildings with carrying amount of RM36,237,590 (2010: RM28,296,465) have been charged to a bank for credit facilities granted to the Group (Note 18 and Note 19).

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 2011 RM	Group 2010 RM
At carrying amount		
Quoted investments in Malaysia	0	220,800
At market value	0	220,800

9. TRADE MARK

Group	Balance as at 1.1.2011 RM	Additions RM	Amortisation charges for the financial year RM	Balance as at 31.12.2011 RM
Carrying amount				
Trade mark	6,041	0	(2,108)	3,933

	[.....At 31.12.11.....]		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Trade mark	16,865	12,932	3,933

Group	Balance as at 1.1.2010 RM	Additions RM	Amortisation charges for the financial year RM	Balance as at 31.12.2010 RM
Carrying amount				
Trade mark	8,149	0	(2,108)	6,041

	[.....At 31.12.2010.....]		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Trade mark	16,865	10,824	6,041

10. INVESTMENTS IN SUBSIDIARIES

	Company 2011	Company 2010
At cost	RM	RM
Unquoted shares	39,769,093	37,969,093

The details of the subsidiaries, all incorporated in Malaysia, are as follows:

Name of company	Interest equity 2011	Interest equity 2010	Principal activities
Tek Seng Sdn. Bhd.	100%	100%	Trading of PVC products
Wangsaga Industries Sdn. Bhd.	100%	100%	Manufacturing of PVC related products
Pelangi Segi Sdn. Bhd.	100%	100%	Trading of polyvinyl chloride products
Double Grade Non-Woven Industries Sdn. Bhd.	100%	100%	Manufacturing of PP non-woven related products and letting of properties
TS Solartech Sdn. Bhd.	60%	N/A	Manufacturing and sales of photovoltaic products such as solar cells, solar panels or solar modules. It has not commenced its operation as at the end of the reporting period.

The above subsidiaries are all audited by BDO in Malaysia.

Information on acquisition of TS Solartech Sdn Bhd. is diclosed in Note 31 to the financial statements.

11. DEFERRED TAX ASSETS/(LIABILITIES)

(a) The deferred tax assets and liabilities are made up of the following:

	Group 2011 RM	Group 2010 RM
At 1 January	5,601,700	6,261,600
Recognised in profit or loss (Note 28)	(943,500)	(659,900)
At 31 December	4,658,200	5,601,700
Presented after appropriate offsetting:		
Deferred tax assets, net	5,520,500	6,382,400
Deferred tax liabilities, net	(862,300)	(780,700)
	4,658,200	5,601,700

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment 2011 RM	Property, plant and equipment 2010 RM
At 1 January	780,700	703,900
Recognised in profit or loss	81,600	76,800
At 31 December	862,300	780,700

Deferred tax assets of the Group

	Reinvestment allowances 2011 RM	Reinvestment allowances 2010 RM
At 1 January	6,382,400	6,965,500
Recognised in profit or loss	(861,900)	(583,100)
At 31 December	5,520,500	6,382,400

12. INVENTORIES

	Group 2011 RM	Group 2010 RM
At cost		
Raw materials	11,360,821	15,822,249
Work-in-progress	2,894,658	2,068,541
Finished goods	9,549,351	9,648,819
	23,804,830	27,539,609

13. TRADE AND OTHER RECEIVABLES

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Trade receivables				
Third parties	30,221,658	28,385,748	0	0
Other receivables				
Other receivables	29,630	13,348	0	0
Amount owing by subsidiaries	0	0	23,393,482	29,917,266
	29,630	13,348	23,393,482	29,917,266
Loans and receivables	30,251,288	28,399,096	23,393,482	29,917,266
Deposits and prepayments				
Deposits	52,712,522	359,469	0	0
Prepayments	76,457	30,414	0	0
	52,788,979	389,883	0	0
	83,040,267	28,788,979	23,393,482	29,917,266

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and the Company range from 30 to 150 days (2010: 30 to 150 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Amount owing by subsidiaries are unsecured, interest-free and payable upon demand in cash.

(c) The currency exposure profile of receivables is as follows:

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Ringgit Malaysia	80,401,962	27,471,408	23,393,482	29,917,266
US Dollar	2,625,585	1,317,571	0	0
Singapore Dollar	12,720	0	0	0
	83,040,267	28,788,979	23,393,482	29,917,266

(d) The ageing analysis of trade receivables of the Group is as follows:

	Group 2011 RM	Group 2010 RM
Neither past due nor impaired	16,322,594	17,449,801
Past due, not impaired		
1 to 30 days	7,414,903	3,696,584
31 to 60 days	3,627,223	2,275,473
61 to 90 days	1,571,913	2,190,374
More than 91 days	1,285,025	2,773,516
	13,899,064	10,935,947
	30,221,658	28,385,748

13. TRADE AND OTHER RECEIVABLES (continued)

Receivables that are neither past due nor impaired
Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

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

Receivables that are past due but not impaired
Trade receivables that are past due but not impaired mainly arose from active corporate clients with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payment history. The trade receivables that are past due but not impaired are unsecured in nature.

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	2,496,260	2,660,711	8,030	18,643
Deposits with licensed bank	15,990,000	0	0	0
	18,486,260	2,660,711	8,030	18,643

(a) Information on financial risks of cash and cash equivalents are disclosed in Note 35 to the financial statements.

(b) The currency exposure profile of cash and cash equivalents is as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	16,559,538	318,065	8,030	18,643
US Dollar	1,902,818	2,328,828	0	0
Singapore Dollar	15,467	13,809	0	0
EURO	8,437	9	0	0
	18,486,260	2,660,711	8,030	18,643

(c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	2,496,260	2,660,711	8,030	18,643
Deposits with licensed banks	15,990,000	0	0	0
Bank overdrafts included in borrowings (Note 17)	(2,801,861)	(223,870)	0	0
	15,684,399	2,436,841	8,030	18,643

15. SHARE CAPITAL

	Group and Company	
	2011	**2010**
	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

16. RESERVES

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Non-distributable:				
Available-for-sale reserve	0	19,200	0	0
Distributable:				
Retained earnings	61,067,850	57,509,065	3,099,095	7,042,388
	61,067,850	57,528,265	3,099,095	7,042,388

(a) Available-for-sale reserve

Gains or losses arising on financial assets classified as available-for-sale.

(b) Retained earnings

Effective 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or to continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest, by 31 December 2013.

The Company has decided not to make this election and has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and balance in the tax exempt account to frank the payment of dividends out of its entire retained earnings.

17. BORROWINGS

	Group 2011 RM	Group 2010 RM
Current liabilities		
Short term bank loans	53,279,305	29,833,298
Bank overdrafts	2,801,861	223,870
Term loans	4,467,455	2,156,734
	60,548,621	32,213,902
Non-current liability		
Term loans	25,937,500	360,049
Total borrowings		
Short term bank loans (Note 18)	53,279,305	29,833,298
Bank overdrafts	2,801,861	223,870
Term loans (Note 19)	30,404,955	2,516,783
	86,486,121	32,573,951

The currency exposure profile of borrowings are as follows:

	Group 2011 RM	Group 2010 RM
Ringgit Malaysia	76,520,813	30,104,079
US Dollar	9,965,308	2,469,872
	86,486,121	32,573,951

18. SHORT TERM BANK LOANS

	Group	
	2011	2010
	RM	RM
Bankers' acceptance	43,665,000	29,833,298
Onshore foreign currency financing	5,192,174	0
Secured foreign currency trust receipts	4,422,131	0
	53,279,305	29,833,298

Short term bank loans of the Group are secured by:

(a) charges on long term leasehold land and buildings of the Group (Note 7); and

(b) corporate guarantee executed by the Company.

The short term bank loans have no fixed repricing period.

Information on financial risks of borrowings is disclosed in Note 35 to the financial statements.

19. TERM LOANS

Term loans of the Group are secured by:

(a) charges on long term leasehold land and buildings of the Group (Note 7); and

(b) corporate guarantee executed by the Company.

The term loans are repayable in ninety six (96) monthly instalments from January 2012 and there are no fixed repricing periods for these loans.

Information on financial risks of borrowings and its remaining maturity is disclosed in Note 35 to the financial statements.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Trade payables				
Third parties	9,136,089	11,592,830	0	0
Other payables				
Other payables	26,658,351	4,051,855	568	546
Accruals	3,237,319	3,478,121	65,000	77,000
Dividend payables	5,942	785,068	5,942	785,068
Deposits	750	750	0	0
	29,902,362	8,315,794	71,510	862,614
	39,038,451	19,908,624	71,510	862,614

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 days (2010: 30 to 60 days).

(b) Included in other payable are advances from third parties of the Group amounting to RM22,800,000 (2010: N/A) which are unsecured, interest free and payable upon demand in cash.

(c) Information on financial risks of trade and other payables are disclosed in Note 35 to the financial statements.

(d) The currency exposure profile of payables are as follows:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Ringgit Malaysia	29,539,843	14,522,012	71,510	862,614
US Dollar	9,498,608	5,386,612	0	0
	39,038,451	19,908,624	71,510	862,614

21. COMMITMENT

	Group 2011 RM	Group 2010 RM
Capital commitment		
Capital expenditure in respect of purchase of property, plant and equipment :		
Contracted but not provided for	32,107,987	21,585

22. CONTINGENT LIABILITIES

	Company 2011 RM	Company 2010 RM
Corporate guarantee given to banks for credit facilities granted to subsidiaries - unsecured	133,242,865	103,056,782

23. REVENUE

	Group 2011 RM	Group 2010 RM
Sale of goods	182,002,619	168,424,571

24. OTHER INCOME

	Group 2011 RM	Group 2010 RM
Interest income	21,143	1,144
Gain on disposal of available-for-sale financial assets	26,224	0
Gain on disposal of property, plant and equipment	130,564	115,953
Realised gain on foreign exchange	0	324,843
Unrealised gain on foreign exchange	152,957	191,538
Rental income	6,600	6,600
	337,488	640,078

25. EMPLOYEE BENEFITS

	Group 2011 RM	Group 2010 RM
Wages, salaries and bonus	10,966,721	10,192,237
Contributions to defined contribution plan	828,219	774,598
Social security contributions	92,187	89,099
Other benefits	474,865	210,852
	12,361,992	11,266,786

Included in employee benefits of the Group are Executive Directors' remuneration amounting to RM1,389,824 (2010 : RM1,292,020).

26. FINANCE COSTS

	Group 2011 RM	Group 2010 RM
Interest expense on:		
- bank overdrafts	30,595	10,114
- short term bank loans	1,645,442	1,174,498
- term loans	83,565	180,547
LC charges	20,872	14,696
	1,780,474	1,379,855

27. PROFIT/(LOSS) BEFORE TAX

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Profit/(Loss) before tax is arrived at after charging:				
Amortisation of trade mark (Note 9)	2,108	2,108	0	0
Auditors' remuneration:				
- statutory audits	52,000	50,000	5,000	5,000
- other services	4,800	4,000	4,800	4,000
Bad debts written off	0	21,864	0	0
Depreciation of property, plant and equipment (Note 7)	13,140,474	14,358,887	0	0
Directors' remuneration				
Other emoluments				
- paid by Company	72,000	72,000	72,000	72,000
- paid by subsidiaries	1,389,824	1,292,020	0	0
Interest expense on:				
- bank overdrafts (Note 26)	30,595	10,114	0	0
- short term bank loans (Note 26)	1,645,442	1,174,498	0	0
- term loans (Note 26)	83,565	180,547	0	0
Loss on disposal of property, plant and equipment	0	94,276	0	0
Loss on foreign exchange				
- realised	830,414	13,574	0	0
- unrealised	28,151	0	0	0
Property, plant and equipment written off	4,718	0	0	0
Rental of plant and machinery	83,984	81,079	0	0
Rental of premises	3,600	3,600	0	0
And crediting:				
Interest income	21,143	1,144	0	0
Gain on disposal of available-for-sale financial assets	26,224	0	0	0
Gain on disposal of property, plant and equipment	130,564	115,953	0	0
Realised gain on foreign exchange	0	324,843	0	0
Unrealised gain on foreign exchange	152,957	191,538	0	0
Rental income	6,600	6,600	0	0

28. TAX EXPENSE

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Current tax expense based on profit for the financial year	2,000,564	1,739,957	0	0
Overprovision of taxation in respect of prior years	(27,152)	0	0	0
	1,973,412	1,739,957	0	0
Deferred tax (Note 11):				
Relating to origination and reversal of temporary differences	822,100	(1,000)	0	0
Under provision in respect of prior years	121,400	660,900	0	0
	2,916,912	2,399,857	0	0

The Malaysian income tax is calculated at the statutory tax rate of 25% (2010: 25%) of the estimated taxable profits for the fiscal year.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

28. TAX EXPENSE (CONTINUED)

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Tax at Malaysian statutory tax rate of 25% (2010: 25%)				
Tax effect in respect of:	2,500,400	2,105,400	(85,800)	(48,000)
Non-allowable expenses	475,694	(108,700)	0	0
Non-taxable income purposes	(94,530)	148,157	61,900	26,800
Tax incentives and allowances	(82,800)	(427,100)	0	0
Permanent loss not recognised during the year	23,900	21,200	23,900	21,200
	2,822,664	1,738,957	0	0
Under provision of deferred tax in prior years	121,400	660,900	0	0
Over provision of taxation in prior years	(27,152)	0	0	0
	2,916,912	2,399,857	0	0

29. EARNINGS PER SHARE

(a) Basic

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

	Group 2011 RM	Group 2010 RM
Profit attributable to equity holders of the parent	7,158,785	6,022,078
Weighted average number of ordinary shares in issue (units)	240,000,000	240,000,000
Basic earnings per ordinary share	0.03	0.03

(b) Diluted

As there are no dilutive ordinary shares during the financial year, no diluted earnings per share is presented.

30. DIVIDENDS

	2011 Gross dividend per share sen	2011 Amount of dividend net of tax RM	2010 Gross dividend per share sen	2010 Amount of dividend net of tax RM
Final dividend proposed	0.02	3,600,000	0.02	3,600,000

A final dividend in respect of the current financial year ended 31 December 2011 of 2 sen per ordinary share, less tax of 25%, amounting to RM3,600,000 has been proposed by the Directors after the reporting period for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2012.

31. ACQUISITION OF A SUBSIDIARY

On 21 January 2011, the Company acquired 60% of the issued and paid-up ordinary share capital of TS Solartech Sdn. Bhd. for a total purchase consideration of RM1,800,000 funded through internally generated funds. TS Solartech is engaged in manufacturing and sales of photovoltaic products such as solar cells, solar panels or solar modules.

The Group acquired TS Solartech Sdn. Bhd. for the business diversification of the Group into the manufacturing and sales of photovoltaic products.

31. ACQUISITION OF A SUBSIDIARY (CONTINUED)

(a) The fair value of the identifiable asset as at the date of acquisition is as follows:

	Group 2011 RM
Current asset	
Bank balances	3,000,000
Fair value of net asset	3,000,000
Less: Non-controlling interest as at acquisition date	(1,200,000)
Share of net assets/ Total cost of acquisition	1,800,000

(b) The effects of the acquisition of TS Solartech Sdn. Bhd. on cash flows are as follows:

	Group 2011 RM
Cash paid	(1,800,000)
Less: Cash and cash equivalents of subsidiary acquired	3,000,000
Net cash inflow on acquisition	1,200,000

(c) The effect of the acquisitions on the financial results of the Group from the date of acquisition to 31 December 2011 are as follows:

	2011 RM
Revenue	0
Other income	131,898
Depreciation	(193)
Employee benefits	(83,441)
Other expenses	(230,369)
Loss before tax	(182,105)
Tax expenses	(3,117)
Loss for the financial year	(185,222)

32. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

The Company has controlling related party relationship with its direct and indirect subsidiaries and its immediate and ultimate holding company.

(b) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group 2011 RM	Group 2010 RM
Short term employee benefits	1,239,613	1,172,260
Contributions to defined contribution plans	150,211	119,760
	1,389,824	1,292,020

33. OPERATING SEGMENTS

Tek Seng Holdings Berhad is principally involved in investment holding and its subsidiaries are principally engaged in manufacturing of PVC related products and PP Non-Woven, trading of polyvinyl chloride products and letting of properties.

Tek Seng Holdings Berhad has arrived at three (3) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) PVC Sheeting
Manufacturing and trading of PVC Sheeting, parts for industrial and consumer use

(ii) PP Non-Woven
Manufacturing and trading of PP Non-Woven related products

(iii) PVC Leather
Manufacturing and trading of PVC Leather related products

Other operating segments that do not constitute reportable segments comprise operations related to trading of plastic products and materials that are not significant to be reported separately.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets and assets used primarily for corporate purposes.

Segment liabilities exclude tax liabilities and retirement benefit obligations. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

	PVC Sheeting RM	PP Non-Woven RM	PVC Leather RM	Others RM	Total RM
2011					
Revenue					
Total revenue	166,923,739	13,002,120	11,187,534	24,470,829	215,584,222
Inter-segment revenue	(28,528,128)	(3,175,430)	(9,866)	(1,868,179)	(33,581,603)
Revenue from external customers	138,395,611	9,826,690	11,177,668	22,602,650	182,002,619
Interest income	16,077	1,142	1,298	2,626	21,143
Finance costs	(1,353,880)	(96,131)	(109,348)	(221,115)	(1,780,474)
Net finance expense	(1,337,803)	(94,989)	(108,050)	(218,489)	(1,759,331)
Depreciation and amortisation	(9,992,076)	(709,481)	(807,021)	(1,631,896)	(13,140,474)
Segment profit before income tax	7,605,268	540,007	614,247	1,242,086	10,001,608
Income tax expenses	(2,218,033)	(157,490)	(179,142)	(362,247)	(2,916,912)
Segment assets	185,074,504	13,141,094	14,947,738	30,226,206	243,389,542
Segment liabilities	(72,329,385)	(5,135,701)	(5,841,759)	(11,812,772)	(95,119,617)

33. OPERATING SEGMENTS (CONTINUED)

	PVC Sheeting RM	PP Non-Woven RM	PVC Leather RM	Others RM	Total RM
2010					
Revenue					
Total revenue	161,328,182	15,650,635	13,496,242	22,228,047	212,703,106
Inter-segment revenue	(38,027,883)	(4,345,273)	(2,516)	(1,902,863)	(44,278,535)
Revenue from external customers	123,300,299	11,305,362	13,493,726	20,325,184	168,424,571
Interest income	837	77	92	138	1,144
Finance costs	(1,010,165)	(92,622)	(110,550)	(166,518)	(1,379,855)
Net finance expense	(1,009,328)	(92,545)	(110,458)	(166,380)	(1,378,711)
Depreciation and amortisation	(10,511,857)	(963,829)	(1,150,396)	(1,732,805)	(14,358,887)
Segment profit before income tax	6,165,532	565,316	674,743	1,016,344	8,421,935
Income tax expenses	(1,756,888)	(161,088)	(192,270)	(289,611)	(2,399,857)
Segment assets	120,337,484	11,033,702	13,169,481	19,836,786	164,377,453
Segment liabilities	(36,578,969)	(3,353,913)	(4,003,125)	(6,029,785)	(49,965,792)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities corresponding amounts are as follows:

	Group	
Revenue	**2011 RM**	**2010 RM**
Total revenue for reportable segments	215,584,222	212,703,106
Elimination of inter-segmental revenues	(33,581,603)	(44,278,535)
Revenue per consolidated statement of comprehensive income	182,002,619	168,424,571

	Group	
Depreciation	**2011 RM**	**2010 RM**
Total depreciation and amortisation for reportable segments	13,140,474	14,358,887
Depreciation and amortisation	13,140,474	14,358,887

	Group	
Profit for the financial year	**2011 RM**	**2010 RM**
Profit before tax	10,001,608	8,421,935
Tax expenses	(2,916,912)	(2,399,857)
Profit for the financial year	7,084,696	6,022,078

33. OPERATING SEGMENTS (CONTINUED)

	Group	
	2011	2010
Assets	RM	RM
Total assets for reportable segments	243,389,542	164,377,453
Tax assets	5,768,213	6,453,861
	249,157,755	170,831,314

	Group	
	2011	2010
Liabilities	RM	RM
Total liabilities for reportable segments	125,524,572	52,482,575
Tax liabilities	1,439,422	820,474
	126,963,994	53,303,049

Geographical information

The Group's manufacturing facilities and sales offices are mainly based in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location from which the sale transactions originated.

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

	Group	
	2011	2010
Revenue from external customers	RM	RM
Malaysia *	107,299,110	102,029,940
South Africa	3,891,663	2,750,478
Indonesia	27,171,301	26,711,811
Myanmar	8,193,762	4,752,219
Nigeria	4,045,053	1,896,625
Singapore	3,935,855	4,115,990
Yemen	7,686,700	5,302,339
Others	19,779,175	20,865,169
	182,002,619	168,424,571

	Group	
	2011	2010
Non-current assets	RM	RM
Malaysia *	69,600,855	63,709,342
South Africa	2,524,374	1,717,448
Indonesia	17,624,991	16,679,339
Myanmar	5,314,982	2,967,372
Nigeria	2,623,872	1,184,287
Singapore	2,553,040	2,570,099
Yemen	4,986,070	3,310,877
Others	12,830,001	13,028,590
	118,058,185	105,167,354

* Company's home country

Major customer

Revenue from a major customer in the PVC Sheeting segment amounted to RM26,497,862 (2010: RM25,801,795) with revenue equal or more than 10% of the Group's revenue.

34. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that it entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in the financial year ended 31 December 2010.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objective, policies or processes during the financial year ended 31 December 2011 and 31 December 2010.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group has a target gearing ratio of 10% to 70% determined as the proportion of net debt to equity. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital represents equity attributable to the owners of the parent less the fair value adjustment reserve.

	Group	
	2011	**2010**
	RM	**RM**
Loans and borrowings	86,486,121	32,573,951
Trade and other payables	39,038,451	19,908,624
Other liabilities	1,439,422	820,474
Total liabilities	126,963,994	53,303,049
Less: Cash and bank balances	(2,496,260)	(2,660,711)
Net debt	124,467,734	50,642,338
Total capital	121,067,850	117,509,065
Net debt	124,467,734	50,642,338
Equity	245,535,584	168,151,403
Gearing ratio	51%	30%

(b) Categories of financial instruments

	Loans and receivables			
	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Financial assets				
Trade and other receivables	30,251,288	28,399,096	23,393,482	29,917,266
Cash and cash equivalents	18,486,260	2,660,711	8,030	18,643
	48,737,548	31,059,807	23,401,512	29,935,909

	Other financial liabilities			
	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Financial liabilities				
Borrowings	86,486,121	32,573,951	0	0
Trade and other payables	39,038,451	19,908,624	71,510	862,614
	125,524,572	52,482,575	71,510	862,614

34. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

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

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowing, are reasonable approximation of fair value, 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 end of the reporting period.

The carrying amounts of the current position of loan and borrowing are reasonable approximations of fair values due to the insignificant impact of discounting.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to foreign currency risk, interest rate risk, liquidity risk and credit risk. Information on the management of the related exposures is detailed below.

(i) Credit risk

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are major international institutions and reputable multinational organisations. It is the Company's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Company is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month, extending up to three (3) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

<u>Exposure to credit risk</u>

At the end of the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Credit risk (continued)

Credit risk concentration profile.

The Group determines concentration of credit risk by monitoring the country profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period are as follows:

	Group			
	2011		2010	
	RM	% of total	RM	% of total
By country:				
Malaysia	27,571,646	91%	27,395,135	97%
Yemen	918,962	3%	10,625	*
Korea	733,410	2%	0	*
South Africa	531,135	1%	57,550	*
Singapore	165,904	1%	24,475	*
Sri Lanka	111,149	1%	0	*
United Arab Emirates	47,079	*	0	*
Others	142,373	1%	897,963	3%
	30,221,658	100%	28,385,748	100%

* Amount is less than 1%

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 13 to the financial statements.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13 to the financial statements.

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities. In addition, the Group strives to maintain available banking facilities at a reasonable level to meet its business needs.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Liquidity and cash flow risk (continued)

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
As at 31 December 2011				
Group				
Financial liabilities:				
Trade and other payables	39,038,451	0	0	39,038,451
Loans and borrowings	62,224,659	15,000,000	10,937,500	88,162,159
Total undiscounted financial liabilities	101,263,110	15,000,000	10,937,500	127,200,610
Company				
Financial liability:				
Trade and other payables	71,510	0	0	71,510
Total undiscounted financial liability	71,510	0	0	71,510
As at 31 December 2010				
Group				
Financial liabilities:				
Trade and other payables	19,908,624	0	0	19,908,624
Loans and borrowings	33,394,269	360,049	0	33,754,318
Total undiscounted financial liabilities	53,302,893	360,049	0	53,662,942
Company				
Financial liability:				
Trade and other payables	862,614	0	0	862,614
Total undiscounted financial liability	862,614	0	0	862,614

(iii) 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 income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings is managed through the use of fixed and floating rates debts. The Group monitors the interest rates on borrowings closely to ensure that the borrowings are maintained at favourable rates. The Group does not use derivative financial instruments to hedge this risk.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

As at 31 December 2011, if interest rates at the date had been 50 basis points lower with all other variables held constant, post-tax profit for the year would have been RM432,431 (2010: RM162,870) higher, arising mainly as a result of lower interest expense on variable borrowings. If interest rates had been 50 basis points higher, with all other variables held constant, post-tax profit would have been RM432,431 (2010: RM162,870) lower, arising mainly as a result of higher interest expense on variable borrowings. Profit is more sensitive to interest rate decreases than increases because of borrowings with capped interest rates. The sensitivity is higher in 2011 than in 2010 because of an increase in outstanding borrowings that has occurred. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Groups's financial instruments that are exposed to interest rate risk:

Group	Note	Weighted average effective interest rate %	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
At 31 December 2011									
Fixed rate									
Deposits with licensed bank	14	2.4 - 2.8	15,990,000	0	0	0	0	0	15,990,000
Floating rates									
Short term bank loans	17	2.03 - 4.04	(53,279,305)	0	0	0	0	0	(53,279,305)
Bank overdrafts	17	7.60	(2,801,861)	0	0	0	0	0	(2,801,861)
Term loans	17	8.35	(4,467,455)	(3,750,000)	(3,750,000)	(3,750,000)	(3,750,000)	(10,937,500)	(30,404,955)
At 31 December 2010									
Floating rates									
Short term bank loans	17	3.70	(29,833,298)	0	0	0	0	0	(29,833,298)
Bank overdrafts	17	7.30	(223,870)	0	0	0	0	0	(223,870)
Term loans	17	5.88	(2,156,734)	(360,049)	0	0	0	0	(2,516,783)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) 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.

Transactional currency exposures arise from sales to South Africa and Middle East customers. These sales are priced in Ringgit Malaysia but invoiced in USD currencies. The Group also makes substantial purchases of raw materials from China. The Group has no hedging policy and does not make use of forward-currency contracts.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to reasonable possible change in the USD, SGD and Euro exchange rate against the respective functional currency of the Group entities, with all other variables held constant.

		Group Profit net of tax	
		2011 RM	**2010 RM**
USD/RM	- Strengthened 3%	-448,000	-54,334
	- Weakened 3%	+448,000	+54,334
SGD/RM	- Strengthened 3%	+846	-412
	- Weakened 3%	-846	+412
EURO/RM	- Strengthened 3%	+253	0
	- Weakened 3%	-253	0

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 21 January 2011, the Group acquired 60% of the issued and paid-up ordinary share capital of TS Solartech Sdn. Bhd. for a total purchase consideration of RM1,800,000 funded through internally generated funds. TS Solartech is engaged in manufacturing and sales of photovoltaic products such as solar cells, solar panels or solar modules.

(b) On 12 May 2011, the Company announced the business diversification of the Group into the manufacturing and sales of photovoltaic products.

37. SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

On 31 January 2012, the Company subscribeed for an additional 12.2% interest in the equity shares of TS Solartech Sdn. Bhd. for a total cash consideration of RM2,532,000 when the issued and paid-up share capital of TS Solartech Sdn. Bhd. was increased from RM3,000,000 to RM6,000,000.

38. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS

The retained earnings as at the end of the reporting period may be analysed as follows:

	Group	
	2011	**2010**
	RM	**RM**
Total retained profits of Tek Seng Holdings Berhad and its subsidiaries:		
- Realised	83,479,843	78,984,915
- Unrealised	4,783,006	5,793,238
	88,262,849	84,778,153
Less: Consolidation adjustments	(27,194,999)	(27,269,088)
Total group/company retained profits as per consolidated accounts	61,067,850	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-11
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	10 years old / Leasehold 60 years expiring on 11 Mar 2061	Land = RM2,893,393 Building = RM10,936,743
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	9 years old / Leasehold 60 years expiring on 25 Aug 2063	Land = RM1,978,309 Building = RM10,123,913
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	6 year old/ Leasehold 60 years expiring on 25 Aug 2063	Land = RM1,848,340 Building = RM8,456,892
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	16 years old / Freehold	Land = RM258,352 Building = RM131,438
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	15 years old / Freehold	Building = RM110,909
6.	77-14-5, Menara Belfield Condominium, Jalan Talalla, Off Jalan Maharajalela, 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	14 years old/ Freehold	Building = RM195,212
7.	Plot 320, Jalan Perindustrian Bukit Minyak 8, Penang Science Park, Bukit Minyak, Mukim 13, Seberang Perai Tengah, 14100 Pulau Pinang.	21 Feb 2011	4-Storey Factory / Warehouse Owner occupied	Land area = 32,586.91 sq. Metre Built-up area = 13,640.44 sq. Metre	1 year old / Leasehold 60 years	Land = RM6,334,978 Building = RM16,216,675

STATISTICS ON SHAREHOLDINGS
as at 30 April 2012

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	101	4.20	4,769	#
100 to 1,000 shares	131	5.44	61,050	0.03
1,001 to 10,000 shares	1,431	59.45	7,116,949	2.96
10,001 to 100,000 shares	650	27.00	20,139,150	8.39
100,001 to less than 5% of issued shares	91	3.78	97,486,082	40.62
5% and above of issued shares	3	0.12	115,192,000	48.00
Total	2,407	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	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Loh Chee Hung (002)	1,013,000	0.42
23	Lim Tian Huat	705,050	0.29
24	Ling, Kun-Tzu	625,000	0.26
25	Choong Ngok Mam	565,000	0.24
26	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Nancy Tan (E-TWU)	538,000	0.22
27	Lui Pek Har	520,000	0.22
28	Koo San Choon	511,300	0.21
29	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Bong Khiong Sin	457,300	0.19
30	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chu Soong Tau	420,000	0.18
	Total	**200,613,232**	**83.60**

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	-		-

Note :
(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	-		-
Yeoh Aik Chuan	-		-	-		-

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 Berhad.

\# 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 2011.

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 2011.

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 2011.

Depository Receipt Programme

The Company does not have any depository receipt programme during the financial year ended 31 December 2011.

Options or Convertible Securities

There were no options or convertible securities issued by the Company during the financial year ended 31 December 2011.

Recurrent Related Party Transactions

There were no recurrent related party transactions of revenue nature conducted pursuant to the shareholders' mandate during the financial year ended 31 December 2011.

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 2011.

NOTICE OF TENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of the Company will be held at Burma Room, Lobby Level, Evergreen Laurel Hotel of 53, Persiaran Gurney, 10250 Penang on Tuesday, 26 June 2012, 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 2011 together with the Reports of Directors and Auditors thereon.	**Please refer to Note 7**
2.	To re-elect Madam Loh Joo Eng, the Director who retires by rotation in accordance with Article 86 of the Company's Articles of Association and who, being eligible, offers herself for re-election.	**Ordinary Resolution 1**
3.	To re-elect Dr. Kamarudin Bin Ngah, the Director who retires by rotation in accordance with Article 86 of the Company's Articles of Association and who, being eligible, offers himself for re-election.	**Ordinary Resolution 2**
4.	To re-elect Mr. Yeoh Aik Chuan, the Director who retires in accordance with Article 93 of the Company's Articles of Association and who, being eligible, offers himself for re-election.	**Ordinary Resolution 3**
5.	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 2011.	**Ordinary Resolution 4**
6.	To approve the payment of Directors' Fees for the financial year ended 31 December 2011.	**Ordinary Resolution 5**
7.	To re-appoint Messrs. BDO as auditors of the Company until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 6**
8.	***As Special Business :*** To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary / Special 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 7**
9.	**PROPOSED AMENDMENT TO THE COMPANY'S ARTICLES OF ASSOCIATION** "That the amendments to the Company's Articles of Association as set out in the Annual Report for the financial year ended 31 December 2011 be hereby approved and that the Directors be hereby authorized to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all steps as may be considered necessary to give full effect to the Proposed Amendments to the Company's Articles of Association."	**Special Resolution 1**
10.	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.	

By Order of the Board,

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

Penang
Date : 01 June 2012

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.*

6. *Where a member is an Exempt Authorised Nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds.*

EXPLANATORY NOTE ON ORDINARY BUSINESS

7. *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.*

EXPLANATORY NOTES ON SPECIAL BUSINESS

8. *The Ordinary Resolution 7 proposed under Agenda 8, 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 Tenth Annual General Meeting of the Company to be held on 26 June 2012.

   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.

9. *The Special Resolution 1 proposed under Agenda 9, if passed, will allow the Company's Articles of Association to be in line with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*

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 2011, if approved, will be paid on 05 September 2012 to depositors registered in the Record of Depositors of the Company on 08 August 2012.

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 08 August 2012 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 : 01 June 2012

STATEMENT OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

INTRODUCTION

On 25 April 2012, the Board of Directors of Tek Seng Holdings Berhad ("the Company" or "TekSeng") announced that the Company proposed to amend its Articles of Association to be in line with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board wishes to seek the shareholders' approval for the special resolution pertaining to the Proposed Amendments to the Articles of Association of the Company ("Proposed Articles Amendments") to be tabled at the forthcoming Tenth Annual General Meeting ("AGM").

You are advised to read and carefully consider the contents of the amendments before voting on the special resolution relating to the Proposed Articles Amendments at the forthcoming Tenth AGM.

DETAILS OF THE PROPOSED ARTICLES AMENDMENTS

The Company proposes to amend its Articles of Association as follows :

Article No	Existing Article	Proposed Article Amendment
2	Central Depositories Act - The Securities Industry (Central Depositories) Act, 1991.	Central Depositories Act - the Securities Industry (Central Depositories) Act, 1991 and/or any statutory modification, amendment or re-enactment thereof
2	New Definition	Dividend Reinvestment Scheme - a scheme which enables members to reinvest cash dividends into new shares of the Company.
2	Employees Share Option Scheme - a share scheme involving a new issue of shares to employees and Directors of the Company and its subsidiaries	Employees Share Scheme - collectively a Share Issuance Scheme and a Share Grant Scheme
2	New Definition	Exempt Authorized Nominee - an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
2	Market Days - any day between Mondays and Fridays which is not a market holiday	Market Day - a day on which the stock market of the Exchange is open for trading in securities
2	Member - any person/persons for the time being holding shares in the Company and whose names appear in the Register of Members including Depositors whose names appear on the Record of Depositors	Member - includes a depositor who will be treated as if he were a member pursuant to section 35 of the Securities Industry (Central Depositories) Act 1991 but excludes the Depository in its capacity as a bare trustee
2	Record of Depositors - a record provided by the Depository to the Company under Chapter 24.0 of the Rules pursuant to Section 34 of the Central Depositories Act.	Record of Depositors - a record provided by the Depository to the Company under Chapter 24.0 of the Rules.

STATEMENT OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION (CONT'D)

Article No	Existing Article	Proposed Article Amendment
2	Rules - the Rules of the Central Depository, as defined in Section 2 of the Securities Industry Act, 1983.	Rules - the Rules of the Depository including any amendments thereto that may be made from time to time.
2	New Definition	Share Issuance Scheme - a scheme involving a new issuance of shares to employees and Directors of the Company and its subsidiaries.
2	New Definition	Share Grant Scheme - a scheme involving the grant of the Company's existing shares to employees of the Company and its subsidiaries.
2	New Definition	Take-Overs and Mergers Code - The Malaysian Code on Take-Overs and Mergers 2010, including any amendment that may be made from time to time.
6	Subject to the approval of the members of the Company, these Articles, the provisions of the Act, the Listing Requirements, the Central Depositories Act and/or any other relevant authorities, the Company may upon recommendation of the Directors establish an employees share option scheme to be referred to as ESOS. The terms and conditions of the scheme shall be determined by the Board of Directors.	6 Subject to the approval of the members in general meeting, these Articles, the Act, the Listing Requirements, the Central Depositories Act and / or any other relevant authorities, the Company may upon the recommendation of the Directors establish a Share Issuance Scheme and/or a Share Grant Scheme. The terms and conditions of the Employees Share Option Scheme shall be determined by the Board of Directors and the allocation of options pursuant to the Share Issuance Scheme shall be verified by the Audit Committee.
7	(e) Subject always to the provisions of the Listing Requirements, every issue of shares or options to employees and/or Directors of the Company and its subsidiaries under an Employees Share Option Scheme shall be approved by the members in general meeting. PROVIDED ALWAYS THAT no Director shall participate in such issues of shares or options unless the members in general meeting have approved of the specific allotment to be made to such Director. For the purpose of this Article, Directors shall include executive and non-executive Directors.	(e) No Director shall participate in Share Issuance Scheme unless members in general meeting have approved the specific allotment to be made to such Director.

STATEMENT OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION (CONT'D)

Article No	Existing Article	Proposed Article Amendment
62	(d) New Article	(d) Every notice of meeting in writing to the Exchange shall include the date of the Record of Depositors to be obtained pursuant to Article 62(c) for the purposes of determining whether a Depositor shall be regarded as a member entitled to attend, speak and vote at the general meeting.
64	In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one (1) or more proxies to attend and vote instead of him. Where a member appoints two (2) or more proxies, he shall specify the proportion of his shareholding to be represented by each proxy.	In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one (1) or more proxies to attend and vote instead of him and where a member appoints two (2) or more proxies to vote at the same meeting, such appointment shall be invalid unless he specify the proportion of his shareholding to be represented by each proxy.
71	If a poll is duly demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chairman directs, and the result of a poll shall be the resolution of the meeting at which the poll was demanded, but a poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The Chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may, in addition to the powers of adjourning meetings contained in Article 69 adjourn the meeting to some place and time fixed for the purpose of declaring the result of the poll.	If a poll is duly demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chairman directs, and the result of a poll shall be the resolution of the meeting at which the poll was demanded. No poll shall be demanded on the election of Chairman or on a question of adjournment. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The Chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may, in addition to the powers of adjourning meetings contained in Article 69 adjourn the meeting to some place and time fixed for the purpose of declaring the result of the poll. The result of the poll shall be given in writing to the Exchange which include – (a) the total number of votes cast on the poll in favour of and against the resolution; and (b) the total number of members who abstained from voting.

Article No	Existing Article	Proposed Article Amendment
73	Subject to any rights or restrictions for the time being attached to any classes of shares, at meetings of members or classes of members each member entitled to vote may vote in person or by proxy who may but need not be a member of the Company or by attorney and on a resolution to be decided on a show of hands, every person who is a member or representative or proxy of a member shall have one (1) vote, and on a poll every member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share he holds. A proxy shall be entitled to vote on a show of hands or on a poll on any question at any general meeting.	(a) Subject to any rights or restrictions for the time being attached to any classes of shares, at meetings of members or classes of members, each member entitled to attend and vote at a meeting of the Company or at the meeting of any class of members of the Company, may vote in person or shall be entitled to appoint any person as his proxy to attend and vote instead of him. There shall be no restriction as to the qualification of the proxy. (b) On a resolution to be decided on a show of hands, every person who is a member or representative or proxy of a member shall have one (1) vote and on a poll every member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share he holds. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
79	The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may, but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. A member shall be entitled to appoint one (1) proxy to attend and vote at the same meeting and where the member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.	The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

STATEMENT OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION (CONT'D)

Article No	Existing Article	Proposed Article Amendment
80	**Notes :** (1) A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act 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 not less than forty-eight (48) hours before the time 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 seal or under the hand of an officer or attorney duly authorized.	**Notes :** (1) A proxy may but need not be a member of the Company. (2) For a proxy to be valid, this form, duly completed must be deposited at the registered office of the Company not less than forty-eight (48) hours before the time for holding the meeting. (3) A member shall be entitled to appoint one (1) or more proxies to attend and vote instead of him at the same meeting and where a member appoints two (2) or more proxies to vote at the same meeting, such appointment shall be invalid unless he specify the proportion of his shareholding to be represented by each proxy. (4) Where a member is an Exempt Authorized Nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds. (5) In the case of a corporate member, this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
84	Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.	Where a member of the Company is an Exempt Authorized Nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which Exempt Authorized Nominee may appoint in respect of each omnibus account it holds.
137A	New Article	Subject to the Listing Requirements and any other relevant laws and regulations, the Directors may issue the Company's annual report in compact disc read-only memory ("CD-ROM") or digital video disc read-only memory ("DVD-ROM") format or in any format that may be developed in the future.

STATEMENT OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION (CONT'D)

Article No	Existing Article	Proposed Article Amendment
139	The Company may by ordinary resolution declare dividends but no dividend shall be payable in excess of the amount recommended by the Directors and no dividend shall be payable except out of the profits of the Company, unless allowed by the Act.	(a) The Company may by Ordinary Resolution, declare dividends but no dividend shall be paid except out of the profits of the Company nor shall bear interest against the Company, unless allowed by the Act. (b) No dividend shall be payable in excess of the amount recommended by the Directors. (c) The Company must ensure all dividends are paid not later than 3 months from the date of declaration or the date on which approval is obtained in a general meeting, whichever is applicable.
141	No dividend shall be paid other than out of profits nor shall bear interest against the Company.	Subject to the approval of the members in general meeting, these Articles, the Act, the Listing Requirements, the Take-Overs and Mergers Code, the Income Tax Act, 1967 and/or any other relevant authorities or regulations, the Company may upon the recommendation of the Directors establish a Dividend Reinvestment Scheme. However, any member of the Company may elect not to participate in such scheme.

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RATIONALE FOR THE PROPOSED ARTICLES AMENDMENTS

The Proposed Articles Amendments is to amend the Company's Articles of Association to be in line with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

EFFECTS OF THE PROPOSED ARTICLES AMENDMENTS

The Proposed Articles Amendments will not have any effect on the share capital and major shareholders' shareholdings of TekSeng, net assets per share, earnings per share and gearing of the TekSeng Group.

CONDITIONS OF THE PROPOSED ARTICLES AMENDMENTS

The Proposed Articles Amendments are conditional upon the approval of the shareholders of TekSeng at the forthcoming Tenth AGM.

DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders of TekSeng and/or persons connected to them have any interest, direct or indirect, in the Proposed Articles Amendments.

DIRECTORS' RECOMMENDATION

The Board, having considered the rationale of the Proposed Articles Amendments, is of the opinion that the Proposed Articles Amendments is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the special resolution in relation to the Proposed Articles Amendments to be tabled at the forthcoming Tenth AGM.

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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 10th Annual General Meeting of the Company, to be held at Burma Room, Lobby Level, Evergreen Laurel Hotel of 53, Persiaran Gurney, 10250 Penang on Tuesday, 26 June 2012, at 9.30 a.m. and at any adjournment thereof.

NO	RESOLUTIONS	FOR	AGAINST
	Ordinary Resolutions:		
1	To re-elect Madam Loh Joo Eng as a director.		
2	To re-elect Dr. Kamarudin Bin Ngah as a director.		
3	To re-elect Mr. Yeoh Aik Chuan as a director.		
4	To approve the payment of a first and final dividend of 2 sen per ordinary share less Income Tax of 25%		
5	To approve the payment of directors' fees.		
6	To re-appoint Messrs. BDO as auditors of the Company.		
7	To authorise the Directors to issue shares pursuant to Section 132D of Companies Act, 1965		
	Special Resolution:		
8	To approve the Proposed Articles Amendments		

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 ....,2012.

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.
6. Where a member is an Exempt Authorised Nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds.

** 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