Directors' Report
for the year ended 31 December 2010

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiary are as stated in note 4 to the financial statements. There has been no significant change in the nature of these principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	28,669	13,251

RESERVES AND PROVISIONS

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

DIVIDENDS

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

(i) a final ordinary dividend of 12.00 sen comprising 7.00 sen per ordinary share less tax at 25% (5.25 sen net per ordinary share) and tax exempt ordinary dividend of 5.00 sen per ordinary share totalling RM14,229,000 in respect of the year ended 31 December 2009 on 25 June 2010; and

(ii) an interim tax exempt ordinary dividend of 4.50 sen per ordinary share totalling RM6,247,000 in respect of the year ended 31 December 2010 on 28 October 2010.

The Directors recommend a final tax exempt dividend of 11.00 sen per ordinary share totalling RM15,270,000 in respect of the year ended 31 December 2010.

DIRECTORS OF THE COMPANY

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

Tan Sri Dato' Dr. Abu Bakar bin Suleiman
Tan Sri Dato' Dr. Jegathesan a/l N.M. Vasagam @ Manikavasagam
Dato' Dr. Mohamad Hashim bin Ahmad Tajudin
Datuk Alias bin Ali
Haji Ghazali bin Awang
Dr. Mohd Nasir bin Hassan (Resigned w.e.f. 4 February 2010)

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares of RM0.50 each			
	At 1.1.2010	**Bought**	**Sold**	**At 31.12.2010**
Tan Sri Dato' Dr. Abu Bakar bin Suleiman				
Interest in the Company:				
– own	286,400	–	–	286,400
– others#	13,000	–	–	13,000
Tan Sri Dato' Dr. Jegathesan a/l N.M. Vasagam @ Manikavasagam				
Interest in the Company:				
– own	34,120	–	–	34,120
Dato' Dr Mohamad Hashim bin Ahmad Tajudin				
Interest in the Company:				
– own	15,000	–	–	15,000
Haji Ghazali bin Awang				
Interest in the Company:				
– own	45,000	27,000	–	72,000

\# Zufar Suleiman bin Abu Bakar and Halina Jael binti Abu Bakar are the children of Tan Sri Dato' Dr. Abu Bakar bin Suleiman. In accordance with Section 134(12)(c) of the Companies Act, 1965, the interests and deemed interests of Zufar Suleiman Abu Bakar and Halina Jael binti Abu Bakar in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall also be treated as the interests of Tan Sri Dato' Dr. Abu Bakar bin Suleiman.

None of the other Directors holding office at 31 December 2010 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the 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.

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

HOLDING COMPANIES

The immediate and intermediate holding companies during the financial year were CCM Marketing Sdn. Bhd. and Chemical Company of Malaysia Berhad (a public listed company), respectively. The ultimate holding company during the financial year was Permodalan Nasional Berhad. All the holding companies were incorporated in Malaysia.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

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

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

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

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

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

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

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

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

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

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

OTHER STATUTORY INFORMATION (CONTINUED)

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2010 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

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

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

Tan Sri Dato' Dr. Abu Bakar bin Suleiman

Haji Ghazali bin Awang

Kuala Lumpur,
Date: 29 March 2011

Statement by Directors
pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 51 to 92 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2010 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 27 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Tan Sri Dato' Dr. Abu Bakar bin Suleiman

Haji Ghazali bin Awang

Kuala Lumpur,
Date: 29 March 2011

Statutory Declaration
pursuant to Section 169(16) of the Companies Act, 1965

I, Chek Wu Kong, the officer primarily responsible for the financial management of CCM Duopharma Biotech Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 92 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 above named in Kuala Lumpur in the State of Wilayah Persekutuan Kuala Lumpur on 29 March 2011.

Chek Wu Kong

Before me:

Date: 29 March 2011

Independent Auditors' Report

to the members of CCM Duopharma Biotech Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of CCM Duopharma Biotech Berhad, which comprise the statement of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 51 to 92.

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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We are satisfied that the accounts of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our audit reports on the accounts of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 27 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Ahmad Nasri Abdul Wahab
Approval Number: 2919/03/12(J)
Chartered Accountant

Petaling Jaya,
Date: 29 March 2011

Statements of Financial Position
as at 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Assets					
Property, plant and equipment	3	100,249	74,840	–	–
Investment in a subsidiary	4	–	–	40,187	40,187
Trade and other receivables	5	–	–	47,384	63,426
Total non-current assets		100,249	74,840	87,571	103,613
Inventories	6	34,003	36,353	–	–
Current tax assets		–	63	117	67
Trade and other receivables	5	35,755	35,109	5,000	–
Cash and cash equivalents	7	24,732	26,999	4,205	432
Assets classified as held for sale	8	1,740	–	–	–
Total current assets		96,230	98,524	9,322	499
Total assets		196,479	173,364	96,893	104,112
Equity					
Share capital		69,739	69,739	69,739	69,739
Reserves		19,537	12,591	12,142	12,142
Retained earnings		68,593	60,408	14,686	21,911
Total equity attributable to owners of the Company	9	157,869	142,738	96,567	103,792
Liabilities					
Loan and borrowing	10	10,416	9,175	–	–
Deferred tax liabilities	11	3,821	4,466	–	–
Total non-current liabilities		14,237	13,641	–	–
Loan and borrowing	10	8,334	6,251	–	–
Current tax liabilities		356	–	–	–
Trade and other payables	12	15,683	10,734	326	320
Total current liabilities		24,373	16,985	326	320
Total liabilities		38,610	30,626	326	320
Total equity and liabilities		196,479	173,364	96,893	104,112

The notes on pages 57 to 92 are an integral part of these financial statements.

Statements of Comprehensive Income

for the year ended 31 December 2010

		Group		Company	
	Note	**2010 RM'000**	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Revenue	13	131,437	123,766	12,580	18,700
Cost of sales		(71,940)	(61,876)	–	–
Gross profit		59,497	61,890	12,580	18,700
Other income		183	327	–	–
Distribution and marketing expenses		(12,265)	(11,379)	–	–
Administrative expenses		(9,569)	(9,831)	(421)	(522)
Other expenses		(2,927)	(3,224)	–	–
Results from operating activities		34,919	37,783	12,159	18,178
Finance income	14	490	432	2,742	8
Profit before tax	15	35,409	38,215	14,901	18,186
Income tax expense	17	(6,740)	(7,982)	(1,650)	(1)
Profit for the year attributable to owners of the Company		28,669	30,233	13,251	18,185
Other comprehensive income, net of tax					
Revaluation of property, plant and equipment		6,946	–	–	–
Total other comprehensive income for the year		6,946	–	–	–
Total comprehensive income for the year attributable to owners of the Company		35,615	30,233	13,251	18,185
Basic and diluted earnings per ordinary share (sen)	18	20.65	21.78		

The notes on pages 57 to 92 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2010

Group	Note	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000
		<-------------------- Attributable to owners of the Company				-------------------->	
			<--------------- Non-distributable		--------------->	Distributable	
At 1 January 2009		69,739	13,720	449	(1,578)	48,222	130,552
Total comprehensive income for the year		–	–	–	–	30,233	30,233
Dividends to ordinary shares	19	–	–	–	–	(18,047)	(18,047)
At 31 December 2009/ 1 January 2010							
– as previously stated		69,739	13,720	449	(1,578)	60,408	142,738
– effects of adopting FRS 139		–	–	–	–	(8)	(8)
At 1 January 2010, restated		69,739	13,720	449	(1,578)	60,400	142,730
Total comprehensive income for the year		–	–	6,946	–	28,669	35,615
Dividends to ordinary shares	19	–	–	–	–	(20,476)	(20,476)
At 31 December 2010		69,739	13,720	7,395	(1,578)	68,593	157,869

The notes on pages 57 to 92 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2010

Company	Note	<------- Attributable to the owners of the Company -------> Share capital RM'000	<------ Non-distributable ------> Share premium RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 January 2009		69,739	13,720	(1,578)	21,773	103,654
Total comprehensive income for the year		–	–	–	18,185	18,185
Dividends to ordinary shares	19	–	–	–	(18,047)	(18,047)
At 31 December 2009/ 1 January 2010		69,739	13,720	(1,578)	21,911	103,792
Total comprehensive income for the year		–	–	–	13,251	13,251
Dividends to ordinary shares	19	–	–	–	(20,476)	(20,476)
At 31 December 2010		69,739	13,720	(1,578)	14,686	96,567

The notes on pages 57 to 92 are an integral part of these financial statements.

Statements of Cash Flows
for the year ended 31 December 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from operating activities					
Profit before tax		35,409	38,215	14,901	18,186
Adjustments for:					
Depreciation of property, plant and equipment		5,301	5,091	–	–
Dividends income		–	–	(12,580)	(18,700)
Impairment loss:					
– assets classified as held for sale		140	–	–	–
Finance income		(490)	(432)	(2,742)	(8)
Gain on disposal of property, plant and equipment		–	(1)	–	–
Property, plant and equipment written off		–	7	–	–
Operating profit/(loss) before changes in working capital		40,360	42,880	(421)	(522)
Changes in working capital:					
Inventories		2,350	(2,772)	–	–
Trade and other payables		4,949	(5,307)	6	25
Trade and other receivables		(654)	(1,255)	11,042	(147)
Cash generated from/(used in) operations		47,005	33,546	10,627	(644)
Tax paid		(6,966)	(6,345)	(1,700)	(7)
Net cash generated from/(used in) operating activities		40,039	27,201	8,927	(651)
Cash flows from investing activities					
Acquisition of property, plant and equipment		(25,901)	(24,572)	–	–
Dividends received		–	–	12,580	18,700
Interest received		490	432	2,742	8
Proceeds from disposal of lands		–	8,131	–	–
Proceeds from disposal of plant and equipment		257	4	–	–
Net cash (used in)/generated from investing activities		(25,154)	(16,005)	15,322	18,708
Cash flows from financing activities					
Dividends paid to owners of the Company		(20,476)	(18,047)	(20,476)	(18,047)
Proceeds from loan and borrowing		3,324	15,426	–	–
Net cash used in financing activities		(17,152)	(2,621)	(20,476)	(18,047)
Net (decrease)/increase in cash and cash equivalents		(2,267)	8,575	3,773	10
Cash and cash equivalents at 1 January		26,999	18,424	432	422
Cash and cash equivalents at 31 December		24,732	26,999	4,205	432

Statements of Cash Flows
for the year ended 31 December 2010

Cash and cash equivalents

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

		Group		Company	
	Note	**2010 RM'000**	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Deposits with licensed banks	7	23,289	21,500	4,100	350
Cash and bank balances	7	1,443	5,499	105	82
		24,732	26,999	4,205	432

The notes on pages 57 to 92 are an integral part of these financial statements.

Notes to the Financial Statements

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

Registered office
13th Floor, Menara PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur
Malaysia

Principal place of business
Lot 2599, Jalan Seruling 59
Kawasan 3, Taman Klang Jaya
41200 Klang, Selangor Darul Ehsan
Malaysia

The consolidated financial statements of the Company as at and for the year ended 31 December 2010 comprise the Company and its subsidiary (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the year ended 31 December 2010 do not include other entities.

The Company is principally engaged in investment holding whilst the subsidiary is primarily involved in carrying on business as manufacturer, distributor, importer and exporter of pharmaceutical products and medicines.

The immediate and intermediate holding companies during the financial year were CCM Marketing Sdn. Bhd. and Chemical Company of Malaysia Berhad (a public listed company), respectively. The ultimate holding company during the financial year was Permodalan Nasional Berhad. All the holding companies were incorporated in Malaysia.

These financial statements were authorised for issue by the Board of Directors on 29 March 2011.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

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

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
  - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
  - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)

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

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

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

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

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

- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for FRS 1, Amendments to FRS 1, Amendments to FRS 2, Amendments to FRS 5, Amendments to FRS 132, Amendments to FRS 138, IC Interpretation 12, IC Interpretation 16, IC Interpretation 17, IC Interpretation 18, Amendments to IC Interpretation 9, which are not applicable to the Group and the Company; and

- from the annual period beginning 1 January 2012 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2011 and 1 January 2012, except for IC Interpretation 15, IC Interpretation 19 and Amendments to IC Interpretation 14 which are not applicable to the Group and the Company.

The initial application of the aforesaid applicable standards, amendments or interpretations are not expected to have any material financial impact to the financial statements upon their first adoption.

Following the announcement made by the MASB on 1 August 2008, the financial statements of the Group and of the Company will be prepared in accordance with International Financial Reporting Standards (IFRS) framework for annual periods beginning 1 January 2012.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis other than as disclosed in note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgments

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

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

There are no significant areas of estimation uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed in note 2.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group entities at exchange rates at the dates of the transactions.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency transactions (continued)

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a cash flow hedge of currency risk, which are recognised in other comprehensive income.

(c) Financial instruments

Arising from the adoption of FRS 139, *Financial Instruments: Recognition and Measurement,* with effect from 1 January 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied. Significant changes to the accounting policies are discussed in note 25.

(i) Initial recognition and measurement

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

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Loans and receivables

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

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

All financial assets are subject to review for impairment (see note 2(j)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

(c) Financial instruments (continued)

(iii) Financial guarantee contracts

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

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

(iv) Derecognition

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

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

(d) Property, plant and equipment

(i) Recognition and measurement

All items of property, plant and equipment are recognised initially at cost. Subsequent to recognition, items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any impairment losses.

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• buildings	50 years
• plant and machineries	5 – 10 years
• office equipment, furniture and fittings	5 – 20 years
• motor vehicles	4 – 10 years
• renovations	10 years

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate at the end of the reporting period.

(e) Intangible assets

Research and development

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

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

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

Capitalised development expenditure is amortised and recognised as an expense on a systematic basis so as to reflect the pattern in which the related economic benefits are recognised over the years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Inventories

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

Prior to 1 January 2010, the cost of inventories was based on the first-in first-out principle.

Subsequently to 31 December 2009, the cost of inventories is based on the weighted average cost formula. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The cost of packing materials is based on the first-in first-out principle. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Receivables

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

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

(h) Non-current assets classified as held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets are measured at the lower of their carrying amount and fair value less cost to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories and financial assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(i) Cash and cash equivalents

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

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

(j) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment (continued)

(i) Financial assets (continued)

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

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

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

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Equity instruments

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

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Repurchases of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(l) Employee benefits

(i) Short term employee benefits

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

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

(ii) State plans

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

(m) Provisions

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

(n) Contingent liabilities

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue and other income

(i) Goods sold

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

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Finance income

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

(p) Borrowing costs

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

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

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

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

(q) Income tax

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Income tax (continued)

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

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

Unutilised reinvestment allowance and investment tax allowance are treated as the tax base of the assets and are recognised as a reduction of tax expense as and when they are utilised.

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares (EPS).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(s) Operating segments

In the previous years, segmental information is not provided as the Group is primarily engaged in the pharmaceutical industry and its operations are carried out primarily in Malaysia.

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

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Plant and machineries RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovations RM'000	Capital work-in-progress RM'000	Total RM'000
	<------- At Valuation ------->		<------- At Cost				------->	
Cost or Valuation								
At 1 January 2009	10,806	22,986	48,741	3,201	1,118	338	3,096	90,286
Additions	–	1,454	7,063	62	–	–	15,993	24,572
Reclassifications	–	2,245	898	–	–	–	(3,143)	–
Disposals	–	(3)	–	–	(35)	–	–	(38)
Write off	–	–	–	–	–	–	(7)	(7)
At 31 December 2009/ 1 January 2010	10,806	26,682	56,702	3,263	1,083	338	15,939	114,813
Additions	–	434	3,214	59	345	–	21,849	25,901
Disposals	–	–	(9)	–	(274)	–	(15)	(298)
Write off	–	–	(6,641)	(725)	–	–	–	(7,366)
Reclassifications	–	(478)	478	–	–	–	–	–
Revaluation surplus	6,888	58	–	–	–	–	–	6,946
Adjustment for revaluation	–	(2,600)	–	–	–	–	–	(2,600)
Transfer to assets held for sale	(1,355)	(525)	–	–	–	–	–	(1,880)
At 31 December 2010	16,339	23,571	53,744	2,597	1,154	338	37,773	135,516
Depreciation								
At 1 January 2009	–	1,543	30,567	2,153	393	261	–	34,917
Depreciation for the year	–	502	4,124	349	108	8	–	5,091
Disposals	–	–	–	–	(35)	–	–	(35)
At 31 December 2009/ 1 January 2010	–	2,045	34,691	2,502	466	269	–	39,973
Depreciation for the year	–	558	4,303	332	100	8	–	5,301
Disposals	–	–	(1)	–	(40)	–	–	(41)
Write off	–	–	(6,641)	(725)	–	–	–	(7,366)
Reclassifications	–	(3)	3	–	–	–	–	–
Adjustments for revaluation	–	(2,600)	–	–	–	–	–	(2,600)
At 31 December 2010	–	–	32,355	2,109	526	277	–	35,267
Carrying amounts								
At 1 January 2009	10,806	21,443	18,174	1,048	725	77	3,096	55,369
At 31 December 2009/ 1 January 2010	10,806	24,637	22,011	761	617	69	15,939	74,840
At 31 December 2010	16,339	23,571	21,389	488	628	61	37,773	100,249

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company has no property, plant and equipment.

(i) Borrowing costs capitalised at 3.49%-4.1% per annum

	Group	
	2010 RM'000	**2009 RM'000**
Borrowing costs	782	88

(ii) The Group's freehold land and buildings were revalued as at 10 November 2010 by Mohd Nor & Partners (PJ) Sdn. Bhd., a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties has each acted knowledgeable, prudently and without compulsion.

Had the freehold land and buildings been carried under the cost model, their carrying amounts would have been RM7,129,000 (2009: RM7,129,000) and RM23,589,000 (2009: RM20,439,000) respectively.

4. INVESTMENT IN A SUBSIDIARY

	Company	
	2010 RM'000	**2009 RM'000**
Unquoted share, at cost	40,187	40,187

Details of the subsidiary are as follows:

Name of subsidiary	**Country of incorporation**	**Principal activities**	**Effective ownership interest**	
			2010 %	**2009 %**
Duopharma (M) Sendirian Berhad	Malaysia	Manufacturing, distributing, importing and exporting of pharmaceutical products and medicines	100	100

5. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-current					
Amount due from a subsidiary	5.1	–	–	47,384	63,426
Current					
Trade					
Trade receivables		34,203	33,317	–	–
Amount due from related corporations	5.2	865	1,023	–	–
		35,068	34,340	–	–
Non-trade					
Amount due from a subsidiary	5.1	–	–	5,000	–
Other receivables and prepayments		598	653	–	–
Deposits		89	116	–	–
		687	769	5,000	–
		35,755	35,109	5,000	–

Note 5.1
The non-trade receivables due from a subsidiary are unsecured, subject to interest at 4.3% per annum and no fixed term of repayments.

Note 5.2
The trade receivables due from related corporations are subject to the normal trade terms.

6. INVENTORIES

	Group	
	2010 RM'000	**2009 RM'000**
Raw materials and consumables	14,364	14,499
Work-in-progress	2,327	2,811
Packing materials	1,997	2,225
Finished goods	15,315	16,818
	34,003	36,353

In 2010, inventories amounting to RM2,895,738 (2009: RM3,326,000) were written off. The write-off is included in cost of sales.

7. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Deposits with licensed banks	23,289	21,500	4,100	350
Cash and bank balances	1,443	5,499	105	82
	24,732	26,999	4,205	432

8. ASSETS CLASSIFIED AS HELD FOR SALE

The Group has committed to dispose of its freehold land and building. Efforts to sell the properties have commenced and accordingly, the properties are presented as held for sale.

Assets held for sale comprise the following:

	Note	**2010 RM'000**
Property, plant and equipment	3	1,880
Less: Impairment loss during the year		(140)
Carrying value		1,740

8. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

Impairment loss

An impairment loss of RM140,000 was recognised as other expense in profit or loss of the Group to write down the assets to fair value less cost to sell.

9. SHARE CAPITAL AND RESERVES

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Share capital	69,739	69,739	69,739	69,739
Non-distributable reserves				
Share premium	13,720	13,720	13,720	13,720
Revaluation reserve	7,395	449	–	–
Treasury shares	(1,578)	(1,578)	(1,578)	(1,578)
Retained earnings (distributable)	68,593	60,408	14,686	21,911
	157,869	142,738	96,567	103,792

Share capital	<------------------------- Group and Company		------------------------>	
	Amount	**Number of shares**	**Amount**	**Number of shares**
	2010 RM'000	**2010 '000**	**2009 RM'000**	**2009 '000**
Ordinary shares of RM0.50 each				
Authorised	100,000	200,000	100,000	200,000
Issued and fully paid	69,739	139,479	69,739	139,479

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company and rank equally with regards to the Company's residual assets. In respect of the Company's treasury shares that are held by the Company (see below), all rights are suspended until those shares are reissued.

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment.

9. SHARE CAPITAL AND RESERVES (CONTINUED)

Treasury shares

The shareholders of the Company, by a special resolution passed at the extraordinary general meeting held on 25 June 2004, approved the Company's plan to purchase its own shares and the authority was reviewed at the Fourth Annual General Meeting of the Company held on 29 June 2005. The renewal of authority for purchase of its own shares lapsed at the conclusion of the Fifth Annual General Meeting held on 18 May 2006 and no further renewal was sought.

There was no purchase of its issued share capital during the year. The number of outstanding shares as at 31 December 2010 after deducting treasury shares held is 138,821,000 (2009: 138,821,000).

Retained earnings

Subject to agreement by the Inland Revenue Board, the Company has Section 108 tax credit and tax exempt income to frank all of its retained earnings at 31 December 2010 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from 1 January 2008. As such, the remaining Section 108 tax credit as at 31 December 2010 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

10. LOAN AND BORROWING

	Group	
	2010 RM'000	**2009 RM'000**
Non-current		
Unsecured non-revolving loan	10,416	9,175
Current		
Unsecured non-revolving loan	8,334	6,251
	18,750	15,426

11. DEFERRED TAX LIABILITIES

Movement in taxable/(deductible) temporary differences during the year

Group	Property, plant and equipment RM'000	Receivables RM'000	Others RM'000	Total RM'000
At 1 January 2009	4,076	(125)	(164)	3,787
Recognised in profit or loss	732	(50)	(3)	679
At 31 December 2009/1 January 2010	4,808	(175)	(167)	4,466
Recognised in profit or loss	(676)	77	(46)	(645)
At 31 December 2010	4,132	(98)	(213)	3,821

12. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade				
Trade payables	2,363	1,797	–	–
Amount due to related corporations	367	239	–	–
	2,730	2,036	–	–
Non-trade				
Amount due to intermediate holding company	957	777	–	–
Other payables	5,349	2,812	326	320
Accrued expenses	5,797	4,443	–	–
Others	850	666	–	–
	12,953	8,698	326	320
	15,683	10,734	326	320

The trade payables due to related corporations are subject to normal trade terms.

The non-trade payable due to intermediate holding company is unsecured, interest free and repayable on demand.

13. REVENUE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sale of goods	131,437	123,766	–	–
Dividend income from unquoted subsidiary	–	–	12,580	18,700
	131,437	123,766	12,580	18,700

14. FINANCE INCOME

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
– recognised before impairment	490	432	2,742	8
Recognised in profit or loss	490	432	2,742	8

15. PROFIT BEFORE TAX

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration				
– statutory audit	71	71	16	16
– other services	14	9	14	9
Depreciation on property, plant and equipment	5,301	5,091	–	–
Impairment loss:				
– trade receivables	78	200	–	–
– assets classified as held for sale	140	–	–	–
Intermediate holding company management fees	4,606	4,833	–	–
Inventories written off	2,896	3,326	–	–
Net realised foreign exchange loss	25	190	–	–
Personnel expenses				
– contributions to state plans	1,809	1,677	–	–
– wages, salaries and others	17,447	15,507	–	–
Property, plant and equipment write off	–	7	–	–
Rental of premises	138	131	–	–
Research and development costs expensed as incurred	1,905	2,529	–	–
and after crediting:				
Dividend income from				
– subsidiary (unquoted)	–	–	12,580	18,700
Gain on disposal of property, plant and equipment	–	1	–	–
Reversal of impairment loss:				
– trade receivables	294	–	–	–

16 KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Directors				
– Fees	202	250	202	250
– Other short term employee benefits (including estimated monetary value of benefits-in-kind)	22	–	22	–
Other key management personnel				
– Remuneration	1,583	1,570	–	–
Total short-term employee benefits	1,807	1,820	224	250

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

The Group pays management fee to the intermediate holding company in relation to services of certain key management personnel of the Group as disclosed in Note 23.

17. INCOME TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Income tax expense	6,740	7,982	1,650	1
Major components of income tax expense include:				
Current tax expense				
Malaysian – current year	8,172	7,282	1,650	9
– prior year	(787)	21	–	(8)
Total current tax recognised in profit or loss	7,385	7,303	1,650	1
Deferred tax expense				
Origination and reversal of temporary differences	(143)	764	–	–
Overprovision in prior year	(502)	(85)	–	–
Total deferred tax recognised in profit or loss	(645)	679	–	–
Total income tax expense	6,740	7,982	1,650	1

17. INCOME TAX EXPENSE (CONTINUED)

Reconciliation of effective tax expense

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Profit for the year	28,669	30,232	13,251	18,186
Total income tax expense	6,740	7,983	1,650	1
Profit excluding tax	35,409	38,215	14,901	18,187
Income tax calculated using Malaysian tax rate of 25%	8,852	9,554	3,725	4,546
Non-deductible expenses	108	574	82	47
Tax exempt income	–	–	(2,125)	(4,675)
Tax incentives	(477)	(634)	–	–
Utilisation of reinvestment allowance	(562)	(1,499)	–	–
Other items	108	52	(32)	91
Over provided in prior years	(1,289)	(64)	–	(8)
	6,740	7,983	1,650	1

18. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2010 was based on the profit attributable to ordinary shareholders of the Company and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2010 RM'000	**2009 RM'000**
Profit for the year attributable to ordinary shareholders	28,669	30,233

18. EARNINGS PER ORDINARY SHARE (CONTINUED)

Weighted average number of ordinary shares

	Group	
	2010 **'000**	**2009** **'000**
Issued ordinary shares at 1 January	139,479	139,479
Effect of treasury shares held	(658)	(658)
Weighted average number of ordinary shares at 31 December	138,821	138,821

	Group	
	2010 **sen**	**2009** **sen**
Basic earnings per ordinary share	20.65	21.78

Diluted earnings per ordinary share

There is no dilution to the earnings per ordinary share as there are no dilutive potential ordinary shares. Therefore, no consideration for adjustment in the form of increase in the number of shares was used in calculating the potential of its earnings per share.

19. DIVIDENDS

Dividends recognised in the current year by the Group and the Company are:

	Sen per share (Net of tax)	**Total amount RM'000**	**Date of payment**
2010			
Final 2009 ordinary	10.25	14,229	25 June 2010
Interim 2010 ordinary	4.5	6,247	28 October 2010
		20,476	
2009			
Final 2008 ordinary	7.00	9,718	26 June 2009
Interim 2009 ordinary	6.00	8,329	23 October 2009
		18,047	

The Directors recommend a final tax exempt dividend of 11.0 sen per ordinary share totalling RM15,270,000 in respect of the year ended 31 December 2010. The dividend will be recognised in subsequent financial period upon approval by the shareholders.

20. FINANCIAL INSTRUMENTS

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

20.1 Categories of financial instruments

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

(a) Loans and receivables (L&R);
(b) Financial liabilities measured at amortised cost (OL).

Financial assets 2010	**Carrying amount RM'000**	**L&R RM'000**
Group		
Trade and other receivables	35,157	35,157
Cash and cash equivalents	24,732	24,732
	59,889	59,889
Company		
Trade and other receivables	52,384	52,384
Cash and cash equivalents	4,205	4,205
	56,589	56,589

Financial liabilities 2010	**Carrying amount RM'000**	**OL RM'000**
Group		
Loans and borrowings	18,750	18,750
Trade and other payables	14,833	14,833
	33,583	33,583
Company		
Trade and other payables	326	326

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.2 Net gains and losses arising from financial instruments

	Group	Company
	2010 RM'000	2010 RM'000
Net gains/(losses) arising on:		
Loans and receivables	490	2,742
Financial liabilities measured at amortised cost	(823)	–
	(333)	2,742

20.3 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

20.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from amount due from subsidiary.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on new customers who require credit facility during the financial year. Depending on the nature of the transactions and the customer's risk profile, the Group may require upfront deposits as collateral.

Exposure to credit risk, credit quality and collateral

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

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. For receivables from corporate, wholesale and government sectors, allowance for impairment losses will be generally provided for amounts aged more than 270 days based on historical payment trends and patterns unless there is objective evidence to show otherwise.

The Group has a lower exposure to international credit risk as most of its receivables are concentrated in Malaysia.

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.4 Credit risk (continued)

Receivables (continued)

Impairment losses

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

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
2010				
Not past due	28,346	–	–	28,346
Past due 0-30 days	4,000	–	–	4,000
Past due 31-120 days	1,798	–	–	1,798
Past due more than 120 days	452	–	(393)	59
	34,596	–	(393)	34,203

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

	Group 2010 RM'000
At 1 January, as previously stated	700
Effect of adoption of FRS139	8
At 1 January, restated	708
Impairment loss recognised	78
Impairment loss reversed	(294)
Impairment loss written off	(99)
At 31 December	393

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

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM964,160 (2009: RM1,091,210) representing the outstanding banking facilities of the subsidiary as at the end of the reporting period.

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

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

Deposits with licensed bank

Risk management objectives, policies and processes for managing the risk

Investments are only allowed in placing deposits with licensed banks.

Exposure to credit risk, credit quality and collaterals

As at the end of the reporting period, the Group and the Company have only placed deposits domestically. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of that deposits are only placed with licensed bank, management does not expect the bank to fail to meet its obligation.

The deposits with licensed bank of the Group and the Company are unsecured.

Impairment losses

As at the end of the reporting period, there was no indication that the deposits with licensed bank were not recoverable.

Inter company balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

Impairment losses

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

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.5 Liquidity risk

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

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in the cash flows.

Maturity analysis

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

Group	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
2010							
Non-derivative financial liabilities							
Unsecured non-revolving loans	18,750	0.9% per annum over the Kuala Lumpur Inter-bank Offered Rate	19,583	8,918	8,576	2,089	–
Trade and other payables	14,833	–	14,833	14,833	–	–	–
	33,583		34,416	23,751	8,576	2,089	–
Company							
2010							
Non-derivative financial liabilities							
Trade and other payables	326		326	326	–	–	–

20.6 Market risk

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

20.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and bank balance that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar (USD).

Risk management objectives, policies and processes for managing the risk

Exposures to foreign currency risk are monitored on an ongoing basis. The Group does not hedge its foreign currency risk.

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.6 Market risk (continued)

20.6.1 Currency risk (continued)

Exposure to foreign currency risk

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

Group	2010 (Denominated in USD) RM'000
Trade receivables	898
Trade payables	(1,227)
Bank balance	837
Net exposure in the statement of financial position	508

Currency risk sensitivity analysis

The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

20.6.2 Interest rate risk

The Group's and the Company's fixed rate deposits with licensed banks are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group and the Company place cash balances with reputable banks to generate interest income for the Group and the Company. The Group and the Company manage their interest risk by placing such balances on varying maturities and interest rate terms.

Exposure to interest rate risk

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

2010	Group RM'000	Company RM'000
Fixed rate instruments		
Financial assets	23,289	56,484
Floating rate instruments		
Financial liabilities	(18,750)	–

20. FINANCIAL INSTRUMENTS (CONTINUED)

20.6 Market risk (continued)

20.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of fifty basis points (50 bp) in interest rates at the end of the reporting period would have increased (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	2010			
	Equity		Profit or loss	
	50 bp increase RM'000	50 bp decrease RM'000	50 bp increase RM'000	50 bp decrease RM'000
2010				
Floating rate instruments	–	–	(96)	96

20.7 Fair value of financial instruments

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

The carrying amount of unsecured non-revolving loan approximate fair values as they are subject to variable interest rates which in turn approximates the current market interest rates for similar facilities at the end of the reporting period.

The fair value of other financial assets, together with the carrying amount shown in the statement of financial position, is as follows:

	2010	
Company	Carrying amount RM'000	Fair value RM'000
Fixed rate instruments		
Amount due from subsidiary	47,384	47,384

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Interest rate used to determine fair value

The interest rate used to discount estimated cash flows is 4.3%.

21. CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain an optimal capital structure and safeguard the Group's ability to continue as a going concern, so as to safeguard shareholder's interest within the Company.

The Group's strategy for capital management is to avoid unnecessary debts obligation and funding cost.

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

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

22. CAPITAL AND OTHER COMMITMENTS

	Group	
	2010 RM'000	**2009 RM'000**
Plant and machineries		
Authorised but not contracted for	–	7,020
Contracted but not provided for	3,880	18,267

23. RELATED PARTIES

Identity of related parties

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

The Group has a related party relationship with its subsidiary (see Note 4), holding companies, related corporations, Directors and key management personnel.

Significant transactions with key management personnel

Key management personnel compensation is disclosed in Note 16.

23. RELATED PARTIES (CONTINUED)

Other significant related party transactions
(other than disclosed elsewhere in the financial statements)

	Transaction value year ended 31 December		Balance outstanding as at 31 December	
Group	**2010 RM'000**	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Sale of goods to immediate holding company	–	308	–	–
Sale of goods to related corporations	2,957	2,859	865	1,023
Purchases from related corporations	(2,800)	(956)	(86)	–
Management fees paid to intermediate holding company	(4,606)	(4,833)	(957)	(777)
Research and development expenditure paid to related corporation	(1,875)	(2,529)	(281)	(239)
Company				
Dividend income received from a subsidiary	12,850	18,700	–	–
Interest income received from a subsidiary	2,696	–	–	–

There is no impairment loss recognised in respect of these balances outstanding at year end.

All the amounts outstanding are unsecured and expected to be settled with cash.

Included in the management fee paid to the intermediate holding company is payment for services of certain key management personnel of the Company amounting to RM1,583,000 (2009: RM1,570,000).

24. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units target differents markets, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports at least on a quarterly basis.

Information about reportable segments and reconciliation of reportable segment revenue, profit and other material items

	Group	
	2010 RM'000	**2009 RM'000**
Reportable revenue from external		
Local	119,392	112,784
Export	12,045	10,982
	131,437	123,766
Operating expense		
Depreciation of property, plant and equipment	(5,301)	(5,019)
Other operating expense	(91,400)	(81,291)
Other operating income	183	327
Profit from operations	34,919	37,783
Finance income	490	432
Profit before tax	35,409	38,215
Income tax expense	(6,740)	(7,982)
Profit after tax	28,669	30,233

Major customers

Revenues from 2 major customers amount to approximately RM59,685,000 (2009:RM52,433,000) of the Group's total revenue.

25. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

	Retained earnings
	2010 **RM0,000**
At 1 January, as previously stated	60,408
Adjustments arising from adoption of FRS 139:	
– Impairment of trade and other receivables, net of tax	(8)
At 1 January, as restated	60,400

25.1 FRS 139, *Financial Instruments: Recognition and Measurement*

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

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

Inter-company loans

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

Impairment of trade and other receivables

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

Financial guarantee contracts

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

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

Consequently, the adoption of FRS 139 does not affect the basic and diluted earnings per ordinary share for prior periods.

25. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

25.2 FRS 8, *Operating Segments*

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

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

25.3 FRS 101, *Presentation of Financial Statements* (revised)

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

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per share.

25.4 Inventories

Prior to 1 January 2010, the cost of inventories was based on the first-in first-out principle.

Subsequently to 31 December 2009, the cost of inventories is based on the weighted average cost formula. In case of packaging materials, work-in-progress and manufactured inventories, cost remains unchanged.

The change in accounting policy has not been made retrospectively in view that there is no material impact to current year's inventories and profit or loss. The purchase cost of inventories is consistent and hence the cost of inventories based on first-in first-out is approximate to weighted average cost.

26. COMPARATIVE FIGURES

FRS 101, *Presentation of Financial Statements* (revised)

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

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

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

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

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

	Group RM'000	**Company RM'000**
Total retained earnings of the Company and its subsidiary		
– realised	108,637	14,686
– unrealised	(5,321)	–
	103,316	14,686
Less: Consolidation adjustments	(34,723)	–
Total retained earnings	68,593	14,686

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

Analysis of Shareholdings
as at 31 March 2011

Authorised Share Capital	:	RM100,000,000.00
Issued and Fully Paid Share Capital	:	RM69,739,750.00
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One vote per Ordinary Share

SHAREHOLDINGS DISTRIBUTION

Size of Holdings	No. of Holders	%	No. of Shares	%
1-99	114	5.480	3,631	0.002
100 – 1,000	431	20.721	361,117	0.258
1,001 – 10,000	1,215	58.413	5,181,080	3.714
10,001 – 100,000	289	13.894	8,406,580	6.027
100,001 – 6,973,974(*)	30	1.442	24,636,500	17.663
6,973,974 and above(**)	1	0.048	100,890,592	72.333
Total	**2,080**	**100**	**139,479,500**	**100**

* Less than 5% of issued shares
** 5% and above of issued shares

DIRECTORS' SHAREHOLDING
as per register of directors as at 31 March 2011

	No. of Shares Held			
Name	**Direct**	***%**	**Indirect**	**%**
Tan Sri Dato' Dr. Abu Bakar bin Suleiman	286,400	0.21	13,000	0.01
Tan Sri Dato' Dr. Jegathesan a/l N.M. Vasagam @ Manikavasagam	34,120	0.02	–	–
Dato' Dr. Mohamad Hashim bin Ahmad Tajudin	15,000	0.01	–	–
Datuk Alias bin Ali	–	–	–	–
Haji Ghazali bin Awang	72,000	0.05	–	–
Dr. Mohd Nasir bin Hassan (Resigned w.e.f. 4 February 2010)	–	–	–	–

SUBSTANTIAL SHAREHOLDERS
as per register of substantial shareholders as at 31 March 2011

	No. of Shares Held			
Name	**Direct**	***%**	**Indirect**	**%**
CCM Marketing Sdn. Bhd.	102,332,892	73.37	–	–

Analysis of Shareholdings
as at 31 March 2011

LIST OF TOP 30 SHAREHOLDERS
as at 31 March 2011

No.	Name	Holdings	Percentage (%)
1.	CCM MARKETING SDN. BHD.	100,890,592	72.33
2.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. – Employees Provident Fund Board	5,835,800	4.183
3.	AMANAHRAYA TRUSTEES BERHAD – Skim Amanah Saham Bumiputera	4,545,300	3.258
4.	BANK KERJASAMA RAKYAT MALAYSIA BERHAD	3,644,700	2.613
5.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD. – As Beneficial Owner (PF)	1,995,300	1.430
6.	CCM MARKETING SDN. BHD.	1,442,300	1.034
7.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. – Etiqa Takaful Berhad (General Fund)	720,400	0.516
8.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. – Etiqa Takaful Berhad (Family Fund)	686,800	0.492
9.	DUOPHARMA BIOTECH BHD. – Share Buy Back Account	658,000	0.471
10.	EMPLOYEES PROVIDENT FUND BOARD	500,000	0.358
11.	JERNEH INSURANCE BHD. – Shareholders' Funds Account	472,000	0.338
12.	HSBC NOMINEES (TEMPATAN) SDN. BHD. – HSBC (M) Trustee Bhd. for MAAKL Al-Fauzan (5170)	469,000	0.336
13.	ABU BAKAR BIN SULEIMAN	286,400	0.205
14.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD – Alliance Optimal Income Fund	276,200	0.198
15.	LIM WENG HO	273,800	0.196
16.	GAN TUAN BOON	265,000	0.189
17.	AUN HUAT & BROTHERS SDN. BHD.	251,800	0.180
18.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. – Etiqa Takaful Berhad (Group Fund)	250,000	0.179
19.	LIEW WAI KIAT	237,600	0.170
20.	HSBC NOMINEES (TEMPATAN) SDN. BHD. – HSBC (M) Trustee Bhd. for MAAKL Dividend Fund (5311-401)	230,500	0.165
21.	HSBC NOMINEES (TEMPATAN) SDN. BHD. – HSBC (M) Trustee Bhd. for MAAKL Al-Faid (4389)	190,000	0.136

LIST OF TOP 30 SHAREHOLDERS
as at 31 March 2011

No.	Name	Holdings	Percentage (%)
22	CHIA KUN JUAN	170,000	0.121
23	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. – Etiqa Takaful Berhad (Shareholders FD)	170,000	0.121
24	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. – Pledged Securities Account for Su Tiing Uh	162,000	0.116
25	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. – Etiqa Takaful Berhad (Annuity Fund)	155,600	0.111
26	CIMB TRUSTEE BERHAD – Amanah Saham Darul Iman	149,000	0.106
27	Olive Lim Swee Lian	140,000	0.100
28	Lim Pek Har	124,000	0.088
29	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. – Pledged Securities Account for Surinder Singh a/l Wassan Singh (E-IMO)	115,000	0.082
30	CITIGROUP NOMINEES (ASING) SDN. BHD. – EXEMPT AN for OCBC Securities Private Limited (Client A/C-NR)	114,400	0.082

List of Properties

Postal address/ Location of the property	Description/ Existing use (Built-up area)	Land area (acre/sq m)	Tenure/ Approx. age of building	Open market valuation by independent valuer[1]/as per Sales & Purchase Agreement (RM)	Date of valuation/ Methods of valuation	Net Book value as at 31/12/10 (RM)
H.S.M 48648 PT Nos. 129880 Mukim and District of Klang, State of Selangor Darul Ehsan (An amalgamation of two titles known as GM1391 and GM2239)/Lot No. 2599, Jalan Seruling 59, Kawasan 3, Taman Klang Jaya, Selangor Darul Ehsan	a. Industrial land built upon with a double storey office block cum factory building, a single storey pump house cum boiler house, 3 parking sheds, a guardhouse, a refilled chamber and a water tank (gross built up area: approximately 94,000 sq ft)	5.39 acres	Freehold 17 years old	29,400,000	10/11/10 Comparison and Cost Method	29,400,000
	b. Four storey factory office building (gross built up area: approximately 97,000 sq ft)		Freehold 8 years old			
	c. Industrial land built upon with building/ warehouse construction in progress		Freehold	35,300,000	10/11/10 Comparison and Cost Method	35,111,068
H.S. (D) 52204 and 52205 PT Nos. 9570 and 9571, Mukim and District of Klang, State of Selangor Darul Ehsan/Nos. 29 & 27, Jalan Serunai 16, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan	Two units of 1½ storey semi-detached factories. (Built up: 5,129 sq ft each)	476.50 sq m each	Freehold 25 years old	1,280,000	4/11/10 Comparison Method	1,280,000
H.S. (D) 14330 Lot No. 9575 Mukim and District of Klang, State of Selangor Darul Ehsan/No. 19 Jalan Serunai 16, Taman Klang Jaya, 41200 Klang Jaya, Selangor Darul Ehsan	1½ storey semi-detached factory (built up: 4,644 sq ft)	431.44 sq m	Freehold 25 years old	600,000	4/11/10 Comparison Method	600,000

Postal address/ Location of the property	Description/ Existing use (Built-up area)	Land area (acre/sq m)	Tenure/ Approx. age of building	Open market valuation by independent valuer[1]/as per Sales & Purchase Agreement (RM)	Date of valuation/ Methods of valuation	Net Book value as at 31/12/10 (RM)
H.S. (M) 27455 and 27454 PT Nos. 48576 and 48575, Mukim and District of Klang, State of Selangor Darul Ehsan/No. 51 & 53, Jalan Rebana 3, off Jalan Seruling 59, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan	Two units of double storey terrace light industrial buildings (built-up: 4,108 sq ft and 5,588 sq ft respectively)	191 sq m and 260 sq m respectively	Freehold 13 years old	790,000	10/11/10 Comparison Method	790,000
GM 549 Lot No. 2707, Mukim and District of Klang, State of Selangor Darul Ehsan	Vacant industrial land	4.38 acres	Freehold	5,716,000	10/11/10 Comparison Method	5,716,000

Note:

1. Duopharma (M) Sdn. Bhd. is the registered and beneficial owner of all the above properties. The valuation was carried out by an independent firm of professional valuer, Mohd Nor & Partners (PJ) Sdn. Bhd. on 10 November 2010.