



MASTER-PACK

GROUP BERHAD 297020-W



Annual Report 2 0 1 1



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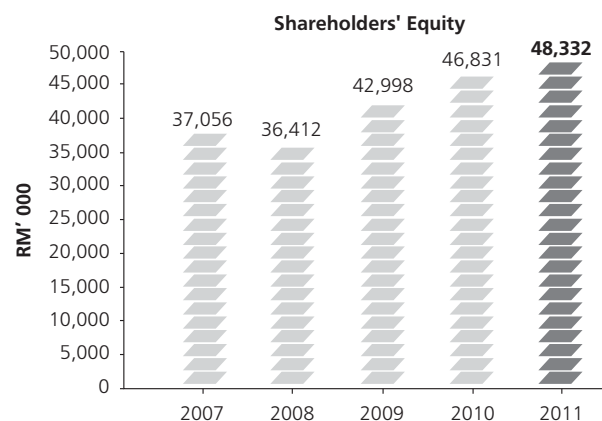
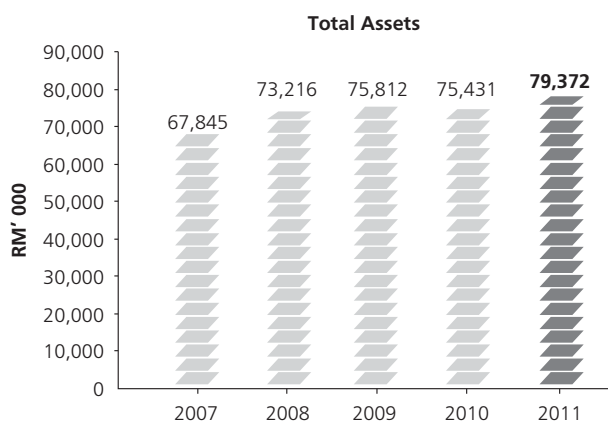
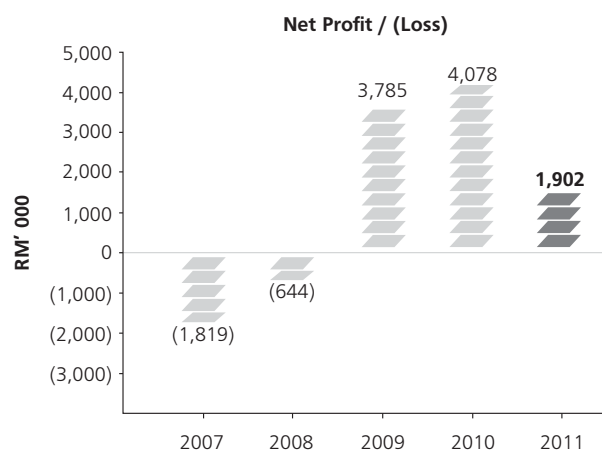
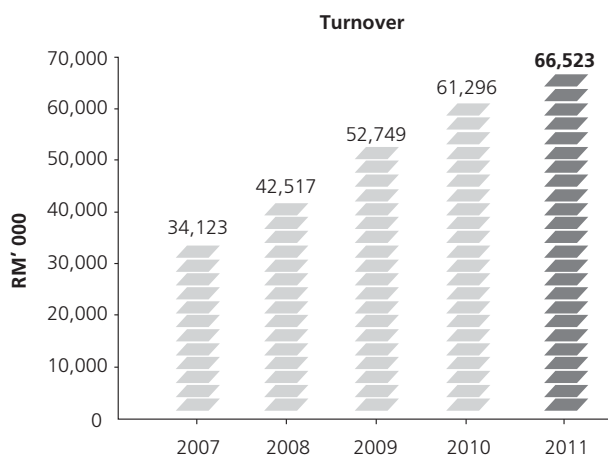
GROUP FINANCIAL HIGHLIGHTS
YEAR ENDED 31 DECEMBER

	2007 RM' 000	2008 RM' 000	2009 RM' 000	2010 RM' 000	2011 RM' 000
Turnover	34,123	42,517	52,749	61,296	66,523
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	3,502	6,008	10,439	10,453	7,665
Profit Before Tax	(2,785)	18	5,054	5,498	3,319
Profit After Tax	(1,819)	(644)	3,785	4,078	1,902
Net Profit Attributable to Equity Holders	(1,819)	(644)	3,785	4,078	1,899
Total Assets	67,845	73,216	75,812	75,431	79,372
Total Borrowings	22,458	29,354	24,061	20,709	22,495
Shareholders Equity	37,056*#	36,412#	42,998*#	46,831#	48,332
(Loss)/Earnings per share	(3.67)	(1.30)	7.69	8.28	3.83
Net Assets per share	0.75	0.73	0.85	0.94	0.97

Included in shareholders' equity of the Group for financial years ended 31 December 2007, 2008, 2009 and 2010 are 433,600, 434,000, 434,400 and 434,600 shares repurchased and held as treasury shares with average prices of RM1.65, RM1.65, RM1.65 and RM1.65 per share respectively.

As per announcement dated 12 December 2011, the treasury shares of 434,600 units held in hand were cancelled with immediate effect.

* Restated Amount.



CORPORATE INFORMATION

AS AT 30 APRIL 2012

BOARD OF DIRECTORS

Dato' Syed Mohamad Bin Syed Murtaza
Executive Chairman

Mr. Chew Hock Lin
Independent and Non-Executive Director

Dato' Khor Teng Tong
Independent and Non-Executive Director

En. Aminuddin Bin Saad
Independent and Non-Executive Director

Cik Nazriah Binti Shaik Alawdin
Non-Independent and Non-Executive Director

Dr. Junid Bin Abu Saham
Independent and Non-Executive Director

COMPANY SECRETARIES

Mr. Lee Peng Loon
(MACS 01258)

Ms. P'ng Chiew Keem
(MAICSA 7026443)

AUDITORS

Crowe Horwath AF1018
Chartered Accountant
Penang Office :
17.01 Menara Boustead Penang,
39 Jalan Sultan Ahmad Shah,
10050 Penang.

REGISTERED OFFICE

51-21-A, Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 Penang.
Tel : 04 - 210 8833
Fax : 04 - 210 8831

PRINCIPAL BANKERS

Malayan Banking Berhad
Penang Main Branch,
No. 9, Lebu Union,
10200 Penang.

HSBC Bank Malaysia Berhad
No. 1, Downing Street,
10300 Penang.

REGISTRAR

Bina Management (M) Sdn. Bhd.
Lot 10, The Highway Centre,
Jalan 51/205, 46050 Petaling Jaya, Selangor.
Tel : 03 - 7784 3922
Fax : 03 - 7784 1988

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad,
Main Market

SHARE CAPITAL

Authorized	: RM100,000,000
Issued & Paid-Up	: RM49,620,150*
Class of Share	: Ordinary shares of RM1.00 each
Voting Right	: One voting right for one ordinary share
Number of Shareholders	: 2,447

* 434,600 units of treasury shares were cancelled on 12 December 2011.

WEBSITE

<http://www.master.net.my>

BOARD OF DIRECTORS

**DATO' SYED MOHAMAD BIN SYED MURTAZA**

Executive Chairman

Dato' Syed Mohamad Bin Syed Murtaza, age 65, a Malaysian, was appointed to the Board of Directors and the Executive Chairman of Master-Pack Group Berhad ("MPGB") and its group of companies on 17 December 2004. He represents Yayasan Bumiputra Pulau Pinang Bhd., one of the major shareholders of MPGB. He served as a member of the Remuneration Committee until his resignation on 23 February 2010.

Dato' Syed has over 43 years of vast experience in the business, corporate and entrepreneurial exposures. After completing his education at Penang Free School, he joined Kah Motors and has since then been appointed to several key positions in various business and non-business organizations, both locally and internationally. He has served in reputable multinational companies such as Shell Malaysia and was the Chairman of Penang Port Commission. Dato' Syed is experienced in a diverse range of businesses from automotive and manufacturing to exports, trading, property and oil and gas.

Dato' Syed is the Chairman of DRB-HICOM Bhd., Hicom Holdings Berhad and HICOM Berhad. He sits on the boards of Yayasan Bumiputra Pulau Pinang Bhd., PBA Holdings Bhd, MITTAS Bhd., Boon Siew Credit Bhd., Penang Tourists Centre Bhd., Tourism Entrepreneur Centre Bhd. and several private limited companies. On 19 May 2011, he was appointed as Independent & Non-Executive Director in Globetronics Technology Berhad.

Currently, he is the Managing Director of Armstrong Auto Parts Sdn. Bhd. He also heads Penang Tourist Centre Bhd., MITTAS Bhd., Motorcycle, Scooter Assembly & Distributor Association of Malaysia and Usains Group of Companies. He is the president of both The Federation of Asian Motorcycle Industries and the International Motorcycle Manufacturers Association. In addition, he has held many other appointments at state and national levels.

Dato' Syed does not have any conflict of interest with the Company and is not related to any director of the Company. He attended all five Board Meetings held in the financial year.

**MR. CHEW HOCK LIN**

Independent & Non-Executive Director

Mr. Chew Hock Lin, age 68, a Malaysian, was appointed to the Board of Directors as Independent & Non-Executive Director of MPGB on 27 December 2001. He is Chairman of Audit, Nomination and Remuneration Committees of the Company. Other Malaysian public listed companies in which he is a director are Hunza Properties Berhad and GUH Holdings Berhad.

He graduated from University of Western Australia with a Bachelor in Commerce Degree and has more than 30 years experience in audit and accountancy profession. He is a former partner of an international audit firm. Currently, he is a member of The Institute of Chartered Accountants in Australia. He is also a Certified Public Accountant (Malaysia), a Chartered Accountant (Malaysia) and a Fellow of Chartered Tax Institute of Malaysia.

He does not have any conflict of interest with the Company and is not related to any director or major shareholders of the Company. He attended all five Board Meetings held in the financial year.

BOARD OF DIRECTORS (CONT'D)

**DATO' KHOR TENG TONG**

Independent & Non-Executive Director

Dato' Khor Teng Tong, age 69, a Malaysian, is presently an Independent & Non-Executive Director of MPGB. He was re-designated from an Executive Chairman and founder of Master-Pack Group Berhad (previously known as Hunza Consolidation Berhad) upon his disposal of all his shareholdings in MPGB on 17 December 2004. He is also the Chairman and founder of Hunza Properties Berhad, a public listed company.

Dato' Khor has over 50 years of vast experience. He completed his primary school education at Yew Chai Primary School, Perak before starting his business career in 1958, as a sole proprietor in fish trading for at least 12 years, trading under the name of Syarikat Soon Seng Fisheries. In the early 1970s, he established Soon Seng Frozen Foods Sdn. Bhd. (now known as Golden Frontier Bhd.) to start the business in processing and exporting of frozen cooked and peeled shrimps. He maintained his substantial shareholdings in Golden Frontier Bhd. until prior to its listing in 1989. In the mid 1970s, Dato' Khor undertook a business diversification programme. He was involved in the business projects of the first cocoa processing plant in Malaysia, oil palm plantation, supermarket chains and then in property development. During the mid 1980s, Malaysia faced its first serious recession and this affected Dato' Khor's diversification plans. He decided to dispose off those unprofitable businesses.

Dato' Khor does not have any conflict of interest with the Company and is not related to any director or major shareholders of the Company. He attended four out of five Board Meetings held in the financial year.

**EN. AMINUDDIN BIN SAAD**

Independent & Non-Executive Director

En. Aminuddin Bin Saad, age 53, a Malaysian, was appointed to the Board of Directors as Independent & Non-Executive Director of MPGB on 26 March 1994. He serves as a member of the Audit, Nomination and Remuneration Committees.

He graduated from Mara Institute of Technology with a Diploma in Mass Communication in 1983. He served in the public sector upon graduation with the Information Office with several departments including the Information Department, Public Services Department and Immigration Department. He resigned in 1991 after serving 8 years of public service to join the private sector. He joined the Seng Seng Group of Companies, which are involved in property development as a project manager of Seng Seng Lite-On Sdn. Bhd. from 1991 to 1992 and later as the Director of Ausma Sdn. Bhd., a property development company from 1992 to 1995. Currently, he also sits on the Board of Directors of various other private limited companies.

He does not have any conflict of interest with the Company and is not related to any director or major shareholders of the Company. He attended all five Board Meetings held in the financial year.

BOARD OF DIRECTORS (CONT'D)

**CIK NAZRIAH BINTI SHAIK ALAWDIN**

Non-Independent & Non-Executive Director

Cik Nazriah Binti Shaik Alawdin, age 42, a Malaysian, was appointed to the Board of Directors as Independent & Non-Executive Director of MPGB on 23 November 2007. She is a member of the Audit and Nomination Committees. Cik Nazriah was re-designated as Non-Independent & Non-Executive Director of MPGB on 5 May 2010 upon her appointment as a trustee in Yayasan Bumiputra Pulau Pining Bhd, a major shareholder of MPGB.

Cik Nazriah graduated from the University of Malaya with LL.B (Hons) in 1994 and was called to the Malaysian Bar as an Advocate and Solicitor in February 1995. She is now a partner of a reputable law firm based in Penang, with branch offices in Butterworth and Kuala Lumpur. She has extensive experience in various aspects of the Legal practice. Cik Nazriah has also served in the management committee of the Bar Council Legal Aid Centre, Penang for several years now and previously held the position of Honorary Treasurer for a period of three years. She was also former committee member of the Bar Council, Human Rights Committee.

Cik Nazriah does not have any conflict of interest with the Company and is not related to any director of the Company. She attended four out of five Board Meetings held in the financial year.

**DR. JUNID BIN ABU SAHAM**

Independent & Non-Executive Director

Dr. Junid Bin Abu Saham, age 70, a Malaysian, was appointed to the Board of Directors as a Non-Independent & Non-Executive Director of MPGB on 10 March 2006. He is a nominee director of Permodalan Nasional Bhd., a major shareholder of MPGB. He has been appointed as a member of the Remuneration Committee on 23 February 2010. On 26 April 2012, Dr. Junid was re-designated as Independent and Non-Executive Director as he no longer represented Permodalan Nasional Bhd.

He graduated from the University of Canterbury, New Zealand with both a Bachelor and a Master of Arts in Economics and subsequently obtained his PhD in Economics from the University of Hull, United Kingdom. He had been a tutor and lecturer in Economics and Business Administration in several institutions of higher learning before working in the corporate sector.

His career in the corporate world started in the early 1970's when he was appointed as an Investment Manager in Bank Rakyat. Since then Dr. Junid has accumulated vast working experience in corporate banking, corporate finance and business consulting with Am Merchant Bank Bhd. (formerly known as Arab-Malaysian Merchant Bank Bhd.) He was the General Manager of AmMerchant Bank Bhd. before he left in 1992 for private business.

Since 1993, Dr. Junid has been involved as Corporate Adviser, Financial Adviser and Corporate Affairs Adviser to a number of corporations, namely in Shapadu Group of Companies, Sunrise Group, Indah Water Konsortium and Pernec Group of Companies.

Dr. Junid also sits on the Board of two other Malaysian public listed companies namely, Industronics Berhad, Dialog Group Berhad and a directorship in Areca Capital Sdn Bhd, a fund management company.

He does not have any conflict of interest with the Company and is not related to any director or major shareholders of the Company. He attended all five Board Meetings held in the financial year.

Note: None of the above six directors had committed any offences within the past ten years other than traffic offences.

CHAIRMAN'S STATEMENT

Greetings to all our shareholders!

It's time again for me to report to all our shareholders on the financial performance for the financial year ended 31 December 2011.

Results / Performance

The Group achieved a turnover of RM66.5 million or 8.5 % higher than the last financial year with a higher sales volume but margin was eroded by a higher cost of raw materials of approximately 10% and 5% for local and imported paper rolls respectively. The selling prices also came under pressure in a very competitive environment. The packaging division average selling price in 2011 drop by 5.5% compared to the year 2010. We are continuously working in partnership with our suppliers to ensure quality standards to meet the challenges of global market.

The prices of paper commodity in the world trended upwards in the financial year 2011 compared to 2010. Natural disasters in 2011 had reduced the supply of world's OCC (Old Corrugated Cartons) thus pushing up the price of this commodity which is essential for the manufacture of Recycle Paper, a main component in the manufacturing of corrugated packaging. Logistic cost had also trended upwards.

In the financial year 2011, we have invested approximately RM 5.1 million in upgrading and automating our production processes in all three packaging plants. With the hardware in place, the focus will now be on efficiency and productivity enhancement.

Market Outlook

The feedback received from our major MNC customers for the first two quarters of 2012 will be slower than the preceding year. This year is also compounded by bigger capacity in the industry through upgrading of facilities by big and small players.

On the local front, we will strive to strengthen our niche markets and create a wider sales base for market penetration. The gradual reduction of government subsidies will put pressure on the wages and cost of transportation.

The new industries setting up in the northern region of West Malaysia will give a much needed boost to our packaging industry.

Sustainability

Our recyclable packaging products conforms with "Going Green" and "3 Rs of Reduce, Re-use and Recycle" consumer concepts. It is also the acceptable industry norm for packaging export to US, Japan and European countries. As such corrugated cartons packaging industry will continue to be a sustainable business in the years to come.

Corporate Social Responsibility

The management is aware that living cost is on the rise and had put in place several programs to lessen the burden of our lower income employees. School bags and subsidized food items during festive periods are some of the little things that had been given to the employees under the Employee Welfare programs. Please refer to Corporate Social Responsibility on page 22 for further details.

CHAIRMAN'S STATEMENT (CONT'D)

Dividend

In appreciation to our loyal shareholders and based on the financial performance during the year 2011, the Board had declared and paid an interim of 1 sen per share in respect of the financial year 31 December 2011.

Acknowledgement and Appreciation

I would like to register my thanks to all the management and staff for their diligent performance during the year. My sincere appreciation and thanks to all my fellow Board members for their views, counsel and continuing support. Last but not least, my sincere thanks to all our customers, suppliers, business associates, bankers and regulatory bodies for their continuing support.

Dato' Syed Mohamad Aidid Bin Syed Murtaza
Group Executive Chairman

MANAGEMENT'S DISCUSSION AND ANALYSIS

An Overview of Master-Pack Group Berhad Business Operations

Master-Pack Group Berhad ("MPGB") and its subsidiaries are primarily in the business of manufacturing corrugated cartons and providing one-stop packaging solutions to its customers.

The Group consists of two reportable segments. The operations of the reportable segments are as follows:-

- (a) Packaging Division – designing and manufacturing corrugated paper cartons as well as providing one-stop packaging solutions.
- (b) Other Division - Trading in industrial diesel and additives

Packaging Division

The two main subsidiaries' packaging plants are located in the northern region of West Malaysia and another in East Malaysia. In addition, it has an associated company that is located in the east coast of West Malaysia. As such, the packaging division plants are strategically located to penetrate both east and west Malaysia markets. The management constantly strives to widen its sales base to cover various industry sectors.

The packaging division has the capabilities to provide warehousing and presently provides Vendor Managed Inventory for several large customers. The management team is aware that rapid and well coordinated communication from production to supply and delivery-on time is crucial to markets needs.

This division main challenge is to ensure a consistently high volume of sales. In the financial year 2011, approximately RM5.1 million had been invested to upgrade and automate the production processes in both packaging subsidiaries. The management shall strive to improve efficiency, productivity and maintain stringent quality standards to meet customer requirements.

A major risk factor is the prices of paper commodity in the world. The management monitors paper commodity trends both local and international regularly as well as stockholding quantities prior to decision making.

Other Division

This division is relatively small as it contributes less than 5% of the total group's turnover. A new contributor to the group's turnover for the financial year 2011 is the trading in industrial diesel and additives. The management believes that this particular new business has potential for growth and will contribute positively to the performance of the group.

Financial Analysis for the Financial Year 2011

The Financial Position as at 31 December 2011

The year under review was a challenging year, marked by adversities in the operating environment. Nevertheless, Net Assets grew by 3.2% to RM 48 million as at 31 December 2011.

Non-current assets were higher in 2011 at RM48.4 million. This is primarily due to the capital expenditure incurred in upgrading and automating the production process in three packaging plants. Capital expenditure was incurred in phases during 2011 and a large part of the machinery was only fully commissioned in fourth quarter of 2011. As such the depreciation arising from the utilization of property, plant and equipment of the new assets was not fully reflected in the Comprehensive Income for financial year 2011.

Current assets were also slightly higher at RM30.9 million. The increase in inventories from RM7.7 million in 2010 to RM9.1 million in 2011 is due to the price increase in paper commodity. The stockholding period for inventory remains relatively unchanged.

Non-current liabilities remain approximately the same at RM13.8 million whilst current liabilities increased to RM17.1 million. The increase is mainly from loans and bank borrowings to fund the capital expenditure in the packaging division.

As at 12 December 2011 the Company announced the cancellation of 434,600 units of treasury shares valued at RM714 thousand. The adjusted issued share capital after cancellation stands at 49,620,150 units of ordinary shares of RM1 each.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

Comprehensive Income for the Financial Year Ended 31 December 2011

The Group's revenue for the year ended 31 December 2011 increased RM5 million or 8.5%. The increase was mainly from the Packaging Division. Profit before tax in 2011 decreased by a total of RM2.2 million or 39.6 % for both divisions.

Packaging sales volume increased by 11% but was not sufficient to buffer against the decrease in average selling price and the steadily increasing paper cost. The profit margin comes under pressure as prices of virgin paper pulp and cost of OCCs (Old Corrugated Cartons) around the world continues to increase due to world shortage, world climate changes and natural disasters.

There was a higher than normal inefficiencies and waste in packaging division. This was caused by simultaneously upgrading and running production on the single corrugating machine in each of the three plants whilst meeting delivery on time and adhering to strict quality standards. Top five customers' practises Just-in-time method where delivery on time is crucial as a delivery to customer's premises directly goes to production lines. Other inefficiencies were from the machinery test runs and the learning curve from changing processes.

The Group interest expense were carefully monitored and controlled as the increase was minimal compared to the increased in loans and bank borrowings indicated in the Statement of Financial Position.

In the other division the financial performance was affected mainly by the derecognition of rental income and the impairment loss provided for receivables in connection with rental of certain investment properties.

The effective tax rate of the Group is 42% which is higher than the statutory tax rate of 25% due to prior year tax arising from a tax audit and non-deductible expenses. This has resulted in a lower profit after tax to RM1.9 million in 2011 compared to 2010.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Company will be held at Master-Pack Sdn. Bhd., 1574, Jalan Bukit Panchar, 14300 Nibong Tebal, S.P.S. Penang on Wednesday, 27 June 2012 at 3.00 p.m. for the following purposes :-

AGENDA

As Ordinary Business :

1. To receive the Audited Financial Statements for the year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon.
2. To consider and if thought fit, to pass with or without modifications, the following special resolution pursuant to Section 129(6) of the Companies Act, 1965:

"That Dr. Junid Bin Abu Saham, who retires pursuant to Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting of the Company."
3. To re-elect Encik Aminuddin Bin Saad, the Director who retires by rotation pursuant to Article 91 of the Company's Articles of Association and who, being eligible, offers himself for re-election.
4. To re-elect Mr. Chew Hock Lin, the Director who retires by rotation pursuant to Article 91 of the Company's Articles of Association and who, being eligible, offers himself for re-election.
5. To approve the increase and the payment of Directors' Fees of not exceeding RM100,000.00 for the financial year ended 31 December 2011.
6. To re-appoint Messrs. Crowe Horwath as auditors of the Company until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.

Please refer to Note 7

Resolution 1

Resolution 2

Resolution 3

Resolution 4

Resolution 5

As Special Business :

To consider and, if thought fit, to pass with or without modifications, the following ordinary resolution :

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

6. "That, subject always to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum & Articles of Association of the Company, the requirements of Bursa Malaysia Securities Berhad and/or any other regulatory authorities, approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business which are necessary for the day-to-day operations of the Company and its subsidiaries as specified in Section 2.5 of the Company's Circular to Shareholders dated 5 June 2012 ("Circular") on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders and that authority conferred by this resolution shall take effect immediately upon the passing of this resolution and the shareholders' mandate shall continue to be in full force until:
 - (a) the conclusion of the next annual general meeting ("AGM") of the Company following the AGM at which the ordinary resolution for the Proposed Renewal of Shareholders' Mandate was passed, at which time it will lapse unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act), or

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE (Cont'd)

6. (c) revoked or varied by resolution passed by the shareholders at a general meeting,

whichever is the earlier:

And that, authority be and is hereby given to the Directors of the Company and its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution."

Resolution 6

7. To transact any other business of which due notices shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board,

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

Penang
5 June 2012

NOTES ON APPOINTMENT OF PROXY

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. For a proxy to be valid, the Proxy Form must be duly completed and deposited at the registered office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, the Proxy Form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
6. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

EXPLANATORY NOTE ON ORDINARY BUSINESS

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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTE ON SPECIAL BUSINESS

8. The proposed Resolution 6, is to seek a shareholders' mandate for the Company's subsidiaries to enter into recurrent transactions involving the interests of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of minority shareholders of the Company, particulars of which are set out in the Circular to Shareholders dated 5 June 2012 which has been despatched together with the Company's 2011 Annual Report.

2011 Annual Report

The 2011 Annual Report is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholder upon request within four (4) market days from the date of receipt of the verbal or written request. A copy of the Annual Report can also be downloaded at www.master.net.my

Shareholders who wish to receive the printed Annual Report and who require assistance in viewing the CD-ROM, kindly contact Mr. Ang of Master-Pack Group Berhad at telephone no. 04-5931550 (Ext 301) or email your request to fhang@master.net.my.

STATEMENT ABOUT THE STATE OF INTERNAL CONTROL

Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors of Master-Pack Group Berhad hereunder provides the following statement on the state of internal control of the Group. It is prepared in accordance with the "Statement on Internal Control: Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities.

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for maintaining sound systems of internal control that provide reasonable assessment and management of risks. Such systems ensure effective and efficient operations through internal standard operating procedures, guidelines and policies as well as compliance with laws and regulations.

The Board recognizes that the systems of internal control are designed to manage rather than eliminate the risks of failure to achieve business objectives and can only provide reasonable but not absolute assurance.

RISK MANAGEMENT AND INTERNAL CONTROL

RISK

The Group practices a quarterly review on significant risks identification, particularly any major proposed transactions, change in nature of activities or venturing into new operating environment which may entail different risks and put in place the strategies and action plans to monitor and manage such risks.

INTERNAL CONTROL

The Group's systems of internal control include:-

1. An organizational structure with clear defined lines of responsibilities with appropriate levels of delegation and authority.
2. Internal control system procedures covering financial, human resources, management information system, operational system guided by the MS ISO 9001 : 2008 and MS ISO 14001 : 2004 documented procedures.
3. In-built controls on Computer Integrated Manufacturing (CIM) system are used to control the traceability of sales orders, materials manufacturing process and provide security controls on users access levels.
4. Regular internal audits by independent audit teams e.g. Industrial Research Institute of Malaysia (SIRIM) customers as well as the outsourced internal auditors, Messrs. UHY provide assurance that the systems of internal control are in place.
5. A comprehensive business planning and budgeting process which establishes plans and targets against which performance is monitored on an on-going basis.
6. Regular scheduled meetings on operations, financial and business plans performance.
7. Regular trainings and development programs which are attended by the employees with the objective to enhance their knowledge and competency.

The Group's internal control systems are designed to provide reasonable assurance but not absolute assurance against the risks of material errors, fraud or financial losses from occurring because internal controls may be circumvented or overridden. The rationale for the internal control system is to enable the Group to achieve its business objectives within an acceptable risk profile. The Group will take appropriate steps to strengthen its internal controls systems whenever necessary.

INTERNAL AUDIT FUNCTION

The Group outsourced the internal audit function to Messrs UHY, an independent professional firm of consultants.

Regular internal audit visits are carried out to assess the adequacy and integrity of the systems of internal control of the Group based on the internal audit plan reviewed and approved by the Audit Committee. The Internal Auditors would recommend improvements and also obtain management's comments or proposed corrective action on the audit findings.

Internal audit reports are circulated to the members of the Audit Committee who review the findings together with the management's comments at the quarterly meetings. The Internal Auditors will subsequently follow-up to determine the extent their recommendations have been implemented. As such, the internal audit function provides the Board the assurance it requires on the systems of internal control.

Based on the Internal Auditors' reports for the financial year ended 31 December 2011, the systems of internal control appear to be working satisfactorily. Based on the work done, there were no material weaknesses in the systems of internal control.

This statement has been reviewed by the External Auditors in compliance with paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities.

REPORT OF THE AUDIT COMMITTEE

The Board has appointed the Audit Committee to assist the Board in its duties of ensuring the implementation of appropriate system of internal controls, to manage identified principal risks and ensure that the systems are working effectively to safeguard the Group's assets and shareholders' investment.

TERMS OF REFERENCE

1. Membership

The Committee shall be appointed by the Board from among its members and shall consist of not less than three (3) members all of whom must be Non-Executive Directors, with a majority of them being Independent Directors. Alternate Directors shall not be appointed as a member of the Committee and all members of the Committee should be financially literate.

The members of the Committee shall elect a Chairman from among their number who shall be an Independent Non-Executive Director. At least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants or other as specified in paragraph 15.10 of the Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities").

All members including the Chairman will hold office as long as they serve as Directors. The term of office and performance of members should be reviewed by the Board once every three (3) years.

If the number of members in the Committee is, for any reason, reduced to below three (3), the Board of Directors shall within three (3) months of the event, appoint such number of new members as may be required to make the minimum of three (3) members.

2. Meetings

Meetings shall be held at least four (4) times a year. On a continuous basis, the Chairman of the Audit Committee should meet up with the senior management, such as Chairman, the Chief Executive Officer, Head of Finance / Accounts Department, Internal and External Auditors in order to be kept informed of matters affecting the Company.

The quorum necessary of the transaction of business of the Committee shall be two (2) independent members to constitute a valid meeting.

Questions arising at any meeting shall be decided by a majority of votes, each member having one (1) vote and in case of equality of votes, the Chairman shall have a second or casting vote. Save that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or that which only two (2) members are competent to vote on the question of issue, shall not have a casting vote.

The Internal and External Auditors have a right to appear and be heard at any meeting of the Audit Committee and shall appear before the Committee when required by the Company. The External Auditors should attend the meeting at least twice a year or as the Committee deems fit. A meeting with External Auditors shall be held at least twice a year without the presence of the Executive Chairman / Director and senior management members.

Upon request of the Internal or External Auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matters the auditors believe should be brought to the attention of the Board of Directors or shareholders.

Company Secretary shall be the Secretary to the Committee.

3. Authority

The Committee is authorised by the Board to investigate any activities within its terms of reference and shall have the resources required to perform its duties. The Committee has full and unrestricted access to all information and documents relevant to its activities as well as to the Internal and External Auditors and all employees of the Group.

The Committee is authorised by the Board to obtain external legal, independent or other professional advice and be able to convene meetings with external parties whenever deemed necessary. The Audit Committee is empowered to engage and retain persons having special competence or skills and knowledge as necessary to assist the Committee in fulfilling its responsibilities.

The Audit Committee may invite the Executive Directors or any employee within the Group who the Committee thinks fit to attend its meetings to assist in resolving and clarifying matters raised in audit reports.

The Internal Auditors engaged by the Company reports directly to Audit Committee.

REPORT OF THE AUDIT COMMITTEE (CONT'D)

4. Duties and Responsibilities

The duties and responsibilities of the Committee shall be –

- To review both the Internal and External Auditors' audit plans, the scope of their audits, and evaluation of the system of internal controls and audit reports;
- To consider the adequacy of Management's actions taken on internal and external audit reports;
- To review the adequacy of the functions, scopes, competency and resources of the internal audit functions;
- To review and evaluate the adequacy and effectiveness of the Group's accounting policies, procedures and internal controls;
- To nominate, a person or persons to the Board as the Internal or External Auditors, the fee thereof, assess the re-appointment of existing Internal and External Auditors and consider, if any, their resignation;
- To review the assistance and co-operation provided by the Company's officers to the Internal and External Auditors;
- To review the quarterly and year-end financial statements before submission to the Board of Directors;
- To review related party transactions and conflict of interest situation that may arise within the Company and the Group;
- To review any major proposed transaction or change in the nature of the business in line with the Risk Management Framework of the Group; and
- To perform such other duties as may be agreed to by the Committee and the Board.

ACTIVITIES OF AUDIT COMMITTEE

During the year ended 31 December 2011, the Audit Committee carried out the following activities:

Financial results

- Reviewed the annual audited financial statements of the Company/Group and unaudited quarterly results of the Group and thereafter, submitting them to the Board for approval.
- Reviewed the Statement on Internal Control pursuant to paragraph 15.26(b) of the Listing Requirements for the Board's approval.
- Discussed together with the external auditors and management the relevant changes in accounting principles and standards that may or will affect the financial statements when reviewing the annual audited financial statements
- Reviewed the nature of related party transactions and recommended for the Board's approval

Internal Audit

- Reviewed the adequacy of scope, functions, competency and resources of the internal audit function
- Evaluated the yearly performance of the out-source internal auditors and recommended their re-appointment
- Discussed and approved the Internal Audit Plan presented by the internal auditors for the current financial year
- Reviewed and discussed the findings and recommendations as reported by the internal auditors
- Reviewed the results of the Group's internal audit procedures and the adequacy of actions taken by the management based on the Internal Audit reports.
- Reviewed the Internal Audit reports pertaining to the follow-up reviews following each audit.

External Audit

- Reviewed the competency, independence and suitability of the external auditors and recommended to the Board for re-appointment
- Met with the external auditors twice without any executive Board members / management staff
- Reviewed the external auditor's audit plan, audit strategy and scope of audits relating to the Company/Group
- Ensured the external auditors evaluated the system of internal controls of the Company /Group and noted the review report of the external auditors to the Board is mentioned in the Statement of Internal Control of the annual report
- Reviewed the external Audit Review Memorandum presented by the external auditors

COMPOSITION OF AUDIT COMMITTEE

The compositions of the Company's Audit Committee and their respective attendance of the meetings held are tabled below:

Name	Status of Directorship	Attendance of Meetings
(i) Mr. Chew Hock Lin (Chairman of Audit Committee)	Independent & Non-Executive Director	Attended 5 out of 5 meetings
(ii) En. Aminuddin Bin Saad	Independent & Non-Executive Director	Attended 5 out of 5 meetings
(iii) Cik Nazriah Binti Shaik Alawdin	Non-Independent & Non-Executive Director	Attended 4 out of 5 meetings

REPORT OF THE AUDIT COMMITTEE (CONT'D)

INTERNAL AUDIT FUNCTION

During the financial year ended 31 December 2011, the Company has engaged the services of an independent professional accounting firm, Messrs UHY, to carry out the internal audit function of the Group in order to assist the Committee in discharging its duties and responsibilities.

The internal audit activities were as follows-

- Performed a risk assessment by discussing with key management to determine the auditable areas, prepared the audit plan for the current year and submit for the approval of the Audit Committee.
- Performed the audit in accordance with the internal audit plan which comprised the following-
 - reviewed the systems of internal control and ascertain the extent of compliance with the established policies, procedures and statutory requirements.
 - identified areas to improve controls of operations and processes in the Group
 - reviewed the relevancy, reliability, integrity, accuracy, completeness of financial and operational information
 - conducted an exit meeting with management on their audit findings
 - liaised with the management to obtain comments and actions to be taken
 - followed up reviews on actions that have been agreed to be implemented by the management
- The audit findings and management comments were compiled into an Internal Audit Reports and tabled in the Audit Committee Meeting for its review and discussion.

The cost incurred for the internal audit function in respect of the financial year is RM17,850.00. Please also see "Statement about the State of Internal Control" in page 14 for internal audit function.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") recognizes the importance of maintaining good standard of corporate governance. The application of the principles and the extent of compliance with the best practices set out in Malaysian Code on Corporate Governance ("the Code") by the Company is as follows:-

APPLICATION ON PRINCIPLES OF THE CODE

The Board of Directors & Board Balance

Currently, the Board has six members, comprising three Independent & Non-Executive Directors, two Non-Independent & Non-Executive Director and one Executive Chairman. The number of Independent & Non-Executive Directors makes up more than 1/3 of the membership of the Board and their presence provides fair and independent view to the Board. The Board also delegates specific responsibilities to various committees such as Audit Committee, Remuneration Committee and Nomination Committee to assist in discharging their duties. The brief profiles of all directors are given in pages 4 to 6.

Dato' Syed Mohamad Bin Syed Murtaza is the Executive Chairman. This reflects the relatively small size of the Board, which at the same time has adequate independent element. As mentioned above, more than 1/3 of the memberships of the Board are independent directors and this fairly reflects the interest of the minority shareholders in the Company.

Supply of Information

All directors are supplied with necessary information on timely basis to carry out their duties. Information given is inclusive of but not limited to financial figures, yearly budgets, business plans, list of directors' dealings, legal issues, project papers, draft circulars etc. for discussions in Board Meetings as well as other occasions. Verbal explanations and briefings are also provided by the executive director/ management/ external consultants to enhance the understanding of matters in relation to the Company's business. This is to facilitate informed decision making by the directors. The Company Secretary is normally present to record its deliberations, issues discussed and conclusions in discharging his duties and responsibilities and also advises on issues relating to rules and regulations that govern the Company.

In view of the Company Secretary's pivotal role in the context of board management, the directors have access to his advice and may seek independent professional advice if required, in furtherance of their duties.

Appointments to the Board

Nomination Committee is to ensure the process of nominating and appointing new members to the Board is fair and transparent. Currently, the Committee comprises two Independent & Non-Executive Directors, namely Mr. Chew Hock Lin and En. Aminuddin Bin Saad and one Non-Independent & Non-Executive Director, Cik Nazriah Binti Shaik Alawdin.

The basic functions of the Committee are:

- a) to recommend candidates/ consider candidates proposed by other directors or major shareholders to sit on the Board and Board committees.
- b) to review the effectiveness of the whole Board by accessing its size, balance as well as the mix of skills, experiences and other qualities of the Board members on an on-going basis.
- c) to carry out annually an assessment of the effectiveness of the Board as a whole, the committees of the Board and contribution of each individual director.

The Committee shall hold at least one meeting per year and the meeting for 2011 was held on 25 November 2011 to perform the review and assessment of the above. The Committee is of the opinion that the current size of the board and the skill-sets, experience and qualities of its existing members are adequate for the Board to work effectively as a whole.

Final decisions on appointments of directors shall be responsibility of the full Board after considering the Committee's recommendations. However, this does not abrogate the powers of shareholders to re-elect individual to the Board (see paragraph on Re-election (per Articles of Association)). All meetings are properly minuted by the Company Secretary.

Re-election (per Articles of Association)

Each director of the Company shall retire at least once every three years. Also, they shall be eligible to stand for re-election at the Annual General Meetings upon their retirement. Any new director who is appointed by the Board shall be subjected to election by shareholders in Annual General Meeting held immediately after his/ her appointment. The directors who are standing for re-election in the forthcoming Annual General Meeting are stated in page 11.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

The Level and Make-up of Remuneration, Procedures & Disclosure

Remuneration Committee comprises two Independent & Non-Executive and a Non-Independent & Non-Executive Director, namely Mr. Chew Hock Lin, En. Aminuddin Bin Saad and Dr. Junid bin Abu Saham.

The basic function of the Committee is to recommend the remuneration of the Executive Chairman. (Whereas, the remuneration of Non-Executive Directors shall be the responsibility of the Board as a whole.)

The Remuneration Committee shall hold at least one meeting per year to review the remuneration packages of Executive Chairman/ Directors. This is to ensure the remuneration packages offered can attract or retain Executive Chairman/ Directors who can contribute to the success of the Company. The remuneration of directors are stated in page 21. Aggregate remuneration of directors according to the successive band of RM50,000 is clearly stated, in compliance with Main Market Listing Requirements Appendix 9C(11) of Bursa Securities Berhad ("Bursa Securities"). The Board is of the opinion that this is sufficient and no further reference to detailed breakdown of each director's remuneration is necessary. All meetings are properly minuted by the Company Secretary.

Directors' Training

The Directors received updates and training courses from time to time on issues relevant to the Group's operations, Directors' responsibilities, Corporate Governance as well as changes to regulatory, statutory and professional requirements.

Name of Directors	Date	Course Title
Dato' Syed Mohamad Bin Syed Murtaza	27 Oct 2011	7th FAMI Intellectual Properties Rights Symposium
	21 December 2011	Board's Role In Merger Acquisition
Chew Hock Lin	8 Sep 2011	Fundamental of GST and Its Impact on the Economy
	31 Oct 2011	Scrutinising Financial Statement Fraud and Detection of Red Flags for Directors and Officers of PLC's and Government Regulatory Agencies
Dato' Khor Teng Tong	8 April 2011	Updates on Company Laws and Practices
En. Aminuddin Bin Saad	17 Nov 2011	Company Competing for Growth
Cik Nazriah Binti Shaik Alawdin	12 Sep 2011	National Symposium on Islamic Banking and Finance
	3 Nov 2011	Talk on -"All you Need to Know on Leases and Leasehold Land in Penang and Kedah"
Dr. Junid Bin Abu Saham	7 May 2011	Financial Planning: The Practice of Wealth Management
	4 & 5 July 2011	Annual Conference 2011 -Governing Responsibly: Inevitable Changes!
	12 July 2011	Audit Committee Forum
	31 Oct 2011	Scrutinising Financial Statement Fraud and Detection of Red Flags for Directors and Officers of PLC's and Government Regulatory Agencies
	14 Nov 2011	Corporate Governance Blueprint 2011 Key Amendments to Listing Requirements 2011 Corporate Disclosure Guide

Dialogue between Companies and Investors & Annual General Meeting

Announcements on important matters and financial results of the Company are promptly released to the investing public to provide an overview of the performance and operations of the Company. The Company has also established a website at www.master.net.my where information on the Company is available to the public.

Shareholders are encouraged to participate in each general meeting where the directors are present to address concerns and questions raised by them.

En. Aminuddin Bin Saad has been assigned as the Senior Independent & Non-Executive Director, to whom concerns in relation to the Company may be conveyed.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Financial Reporting

With the assistance of Audit Committee in reviewing the financial results, the Board aims to present a balanced and understandable assessment of the Company's position and prospect via the Audited Financial Statements and quarterly financial reports on timely basis. The Company's financial statements are prepared in accordance with applicable approved accounting standards pronounced by Malaysian Accounting Standards Board and other relevant authorities.

Statements of Directors' Responsibility for Preparation of Audited Financial Statements

The directors are responsible for ensuring that a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the results and cash flows of the Company and the Group for the financial year are reflected in the Audited Financial Statements, as set out in pages 24 to 64 . The directors are required to ensure these Audited Financial Statements are prepared in accordance with applicable approved accounting standards in Malaysia, provisions of Companies Act, 1965 and Bursa Securities Listing Requirements. (Refer also to write-up on "Financial Reporting" above.)

Internal Controls

The Board recognizes the importance of internal control systems whereby shareholders' investment and the Company's assets can be safeguarded. As for the application of "Internal Controls", please see "the Report of Audit Committee" in pages 15 to 17 and as for the state of internal controls, please refer to "Statement about the State of Internal Controls" in page 14.

Relationship with Auditors

The Board has always maintained formal and transparent relationship with the Company's auditors and the management is responsive to the auditors' enquiries and their recommendations. The Audit Committee is responsible for yearly review of the auditors' performance and recommendations of their re-appointment to the Board.

Extent of Compliance on the Best Practices of the CODE

The Board is pleased to state that the best practices set out in the Code have been complied by the Company on a continuing basis.

OTHER INFORMATION

Utilisation of Proceeds

During the financial year, there were no proceeds raised by the Company from any corporate proposal.

Share Buy-Backs

During the financial year, there were no share buy-backs by the Company. However, the Company had on 12 December 2011 cancelled 434,600 units of treasury shares.

Options, Warrants or Convertible Securities

The Company has not issued any options, warrants or convertible securities during the financial year.

Depository Receipt Programme

The Company does not have any depository receipt programme in place.

Variation in Results

The Company did not announce any profit estimate, forecast, projection and unaudited results during the financial year which differ by 10% or more from the audited results.

Profit Guarantee

During the financial year, there were no profit guarantee given by the Company.

Sanctions and/or Penalties Imposed by Regulatory Bodies

There was no material penalty or sanction imposed on the Company, its subsidiaries, directors or management by any regulatory bodies during the financial year, save for road traffic offences, if any.

Non-Audit Fee Paid to External Auditors

Non-audit fee paid to External Auditors for the financial year amounts to RM2,000.00.

Recurrent Related Party Transactions of a Revenue or Trading Nature

The Company does not have a shareholders' mandate for recurrent related party transactions of revenue or trading nature during the financial year 2011. For details of recurrent related party transactions during the financial year, please refer to Note 22 of page 61.

Material Contracts involving Directors' & Major Shareholders' Interests

There were no material contracts between the Company and its subsidiaries involving directors' and major shareholders' interest either still subsisting at the end of the financial year ended 2011, or entered into since the end of the previous financial year.

DIRECTORS' REMUNERATION

REMUNERATION OF BOARD OF DIRECTORS

For Year Ended December 31, 2011

No.	Item	Executive (RM)	Non-Executive (RM)
1	Fees	-	94,800
2	Salaries*	835,491	-

* Salaries include bonus, employer provident fund and performance benefits

Number of Directors whose remuneration falls under each range

Range	Executive (No.)	Non-Executive (No.)
RM1/- to RM50,000/-	-	5
RM50,001/- to RM100,000/-	-	-
RM100,001/- to RM150,000/-	-	-
RM150,001/- to RM200,000/-	-	-
RM200,001/- to RM850,000/-	1	-

CORPORATE SOCIAL RESPONSIBILITY

Master-Pack Group Berhad group of companies ("the Group") has been progressively integrating Corporate Social Responsibility ("CSR") initiatives as part of the way we operate our business.

The Group has taken cognizance of its responsibility to the **environment**. Both the Group's packaging factories in west and east Malaysia are certified with the Environment Management System ("EMS") MS ISO 14001 : 2004 as well as the MS ISO 9001 : 2008. EMS ensures adherence to environmental standards, emission standards, treatment of plant effluents and waste water. In addition, one of the subsidiary had also switched from diesel fuel oil to natural gas.

Products manufactured by both the Group's Packaging factories are fully **recyclable products**. These packaging factories endeavor to enhance ways corrugated paper can be utilized and had been successful in producing paper pallets and layer pads to replace wooden pallets and packing saw dust or plastic bubble pads. These paper pallets are ideally used in containerized shipment and are acceptable to countries supporting the World Green Movement ideology, as it is easily recycled. We continuously work with customers to best design corrugated carton boxes that minimize superfluous material/ over design. In addition, the Group's office and production departments proactively collect all scrap papers, production rejects and waste materials for recycling.

The business venture which conforms with our Group's policy on corporate social responsibility and our commitment to be a responsible corporate citizen is the distribution of Maz fuel additive. The Maz fuel additive, patented in USA, China and numerous other countries had been acclaimed to be a positive contributor to the reduction of air pollution. The Maz fuel additive range of products when applied to vehicles and industrial machinery help to improve and sustain fuel economy, lower carbon deposits and clean exhaust emissions. This is our Group's small contribution towards minimizing carbon footprint as well as towards a healthier and cleaner environment.

Human development is integral in the culture that is being nurtured as employees are continuously trained in-house or sponsored to attend seminars and conferences externally. This is part of the core values of the Group. Employees are encouraged to voice their thoughts and show their skills and ideas in Kaizen and Small Group Activities initiated to improve both product quality and cost efficiency. Employees are paid a small incentive upon achieving the targeted performance. Social and recreational activities are frequently organized to encourage employees' interaction, as well as to cultivate team spirit among the employees. The Group also ensures a conducive and healthy workplace, by providing a clean and safe **working environment** for all employees. Each factory has their own Safety and Health Committee which monitors and inculcates the awareness and practices on Group's safety and health policies and guidelines.

The Group believes in interacting with the **Community** in which it operates its business. The Group provides training under its Industrial Training Programme to assist undergraduates from colleges and universities to gain hands-on experience in selected fields of study related to the packaging operation.

Community Charity begins at home. In view of the rising cost of main food staples such as rice, sugar and flour, the Group has set in motion activities to supplement and subsidize the living cost of the lower income earning employees. Master-Pack (Sarawak) Sdn. Bhd. provides cooked rice for lunch and dinner for production workers thus supplementing the workers living cost. During festival occasions, the Employee Welfare Committee will purchase sugar, coffee, cooking oil to be re-sold at subsidized prices to the lower income workers. For the lower income employees with school going children, the Employee Welfare Committee donates school bags and school shoes at the beginning of the new school term.



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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and the Company during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit for the financial year attributable to:-		
- Owners of the Company	1,899	588
- Non-controlling interests	3	0
	<u>1,902</u>	<u>588</u>

DIVIDENDS

During the financial year, the Company declared and paid an interim dividend of 1 sen per share, less tax at 25%, amounting to RM372,145 in respect of the financial year ended 31 December 2011.

The directors do not propose any final dividend in respect of the financial year ended 31 December 2011.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES OR DEBENTURES

There was no issue of shares or debentures by the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No share options were granted by the Company during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the allowance made for doubtful debts inadequate to any substantial extent.

DIRECTORS' REPORT (CONT'D)

CURRENT ASSETS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group or the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group or the Company 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 or the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or in the financial statements of the Group and the Company that would render any amount stated in the respective financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

DIRECTORS OF THE COMPANY

The directors who served since the date of the last report are:-

Dato' Syed Mohamad Bin Syed Murtaza
Aminuddin Bin Saad
Dato' Khor Teng Tong
Chew Hock Lin
Dr. Junid Bin Abu Saham
Nazriah Binti Shaik Alawdin

DIRECTORS' REPORT (CONT'D)

Particulars of the interests in shares in the Company of the directors in office at the end of the financial year, as shown in the Register of Directors' Shareholdings, are as follows:-

Name of Director	Number of Ordinary Shares of RM1.00 Each					
	Direct Interest			Deemed Interest		
	Balance at 1.1.2011	Bought	Sold	Balance at 31.12.2011	Balance at 1.1.2011	Balance at 31.12.2011
Aminuddin Bin Saad	10,002	0	0	10,002	0	0
Dato' Khor Teng Tong	420,000	0	0	420,000	1,127,000	1,127,000

Save as disclosed above, none of the directors in office at the end of the financial year held any interests in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the directors' remuneration disclosed 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 except for any benefits which may be deemed to have arisen by virtue of those related party transactions as disclosed in Note 22 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 26 APRIL 2012**

Dato' Syed Mohamad Bin Syed Murtaza

Aminuddin Bin Saad

STATEMENT BY DIRECTORS

We, Dato' Syed Mohamad Bin Syed Murtaza and Aminuddin Bin Saad, being two of the directors of Master-Pack Group Berhad, do hereby state that in the opinion of the directors, the financial statements set out on pages 29 to 64 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 the Company as at 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the directors, the supplementary information set out on page 65 is prepared, in all material respects, in accordance with 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*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 26 APRIL 2012

Dato' Syed Mohamad Bin Syed Murtaza

Aminuddin Bin Saad

STATUTORY DECLARATION

I, Dato' Syed Mohamad Bin Syed Murtaza, being the director primarily responsible for the financial management of Master-Pack Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 29 to 64 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 Dato' Syed Mohamad Bin Syed Murtaza at Georgetown in the State of Penang on this 26 April 2012

Dato' Syed Mohamad Bin Syed Murtaza

Before me

Nachatar Singh A/L Bhag Singh, PJK
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MASTER-PACK GROUP BERHAD (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Master-Pack Group Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 29 to 64.

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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of 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 the Company as at 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

- (i) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (ii) We have considered the unaudited financial statements of Master-Pack Vietnam Co. Ltd.
- (iii) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (iv) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out on page 65 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("the MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Eddy Chan Wai Hun
Approval No: 2182/10/13(J)
Chartered Accountant

Date: 26 April 2012

Penang

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	2011 RM'000	2010 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	33,773	31,252
Investment property	5	13,940	13,940
Goodwill on consolidation		196	196
Investments in associates	7	245	218
Available-for-sale financial assets	8	291	308
		<u>48,445</u>	<u>45,914</u>
CURRENT ASSETS			
Inventories	9	9,169	7,722
Trade and other receivables	10	18,041	18,035
Prepayments		291	331
Current tax assets		584	83
Cash and cash equivalents	11	2,842	3,346
		<u>30,927</u>	<u>29,517</u>
CURRENT LIABILITIES			
Trade and other payables	12	5,287	4,595
Loans and borrowings - secured	13	11,877	9,851
Current tax liabilities		19	344
		<u>17,183</u>	<u>14,790</u>
NET CURRENT ASSETS		13,744	14,727
NON-CURRENT LIABILITIES			
Loans and borrowings - secured	13	10,618	10,858
Deferred tax liabilities	14	3,236	2,952
		<u>13,854</u>	<u>13,810</u>
NET ASSETS		<u>48,335</u>	<u>46,831</u>
EQUITY			
Share capital	15	49,620	50,055
Treasury shares		0	(714)
Share premium		471	1,185
Capital redemption reserve		435	0
Revaluation surplus		2,630	2,894
Fair value reserve		71	97
Accumulated losses		(4,895)	(6,686)
Equity attributable to owners of the Company		<u>48,332</u>	<u>46,831</u>
Non-controlling interests		3	0
TOTAL EQUITY		<u>48,335</u>	<u>46,831</u>

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM'000	2010 RM'000
Revenue	16	66,523	61,296
Other income		520	1,116
Changes in inventories of work-in-progress and finished goods		375	119
Raw materials and consumables used		(42,152)	(36,430)
Depreciation		(2,616)	(3,299)
Employee benefits expense	17	(7,308)	(6,357)
Finance costs		(1,730)	(1,656)
Other expenses		(10,320)	(9,310)
Share of profit of associate		27	19
Profit before tax	18	<u>3,319</u>	<u>5,498</u>
Tax expense	19	(1,417)	(1,420)
Profit for the financial year		<u>1,902</u>	<u>4,078</u>
Other comprehensive income:-			
(Loss)/Gain on available-for-sale financial assets		(26)	120
Reclassification adjustments on derecognition of available-for-sale financial assets		0	(23)
Other comprehensive income for the financial year		<u>(26)</u>	<u>97</u>
Total comprehensive income for the financial year		<u>1,876</u>	<u>4,175</u>
Profit/(Loss) for the financial year attributable to:-			
- Owners of the Company		1,899	4,108
- Non-controlling interests		3	(30)
		<u>1,902</u>	<u>4,078</u>
Total comprehensive income for the financial year attributable to:-			
- Owners of the Company		1,873	4,205
- Non-controlling interests		3	(30)
		<u>1,876</u>	<u>4,175</u>
Earnings per share (sen)	20		
- Basic		3.83	8.28
- Diluted		<u>3.83</u>	<u>8.28</u>

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Non-distributable					Equity attributable to owners of the Company			Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Capital reserve RM'000	Revaluation surplus RM'000	Fair value reserve RM'000	Accumulated losses RM'000	Company RM'000		
Balance at 1 January 2010	50,055	(714)	1,185	0	3,164	0	(10,692)	42,998	30	43,028
Gain on available-for-sale financial assets	0	0	0	0	0	120	0	120	0	120
Reclassification adjustments on derecognition of available-for-sale financial assets	0	0	0	0	0	(23)	0	(23)	0	(23)
Other comprehensive income for the financial year	0	0	0	0	0	97	0	97	0	97
Profit/(Loss) for the financial year	0	0	0	0	0	0	4,108	4,108	(30)	4,078
Total comprehensive income for the financial year	0	0	0	0	0	97	4,108	4,205	(30)	4,175
Interim dividend of 1 sen per share, less tax at 25% (representing total transactions with owners)	0	0	0	0	0	0	(372)	(372)	0	(372)
Transfer of revaluation surplus	0	0	0	0	(270)	0	270	0	0	0
Balance at 31 December 2010	50,055	(714)	1,185	0	2,894	97	(6,686)	46,831	0	46,831
Loss on available-for-sale financial assets (representing other comprehensive income for the financial year)	0	0	0	0	0	(26)	0	(26)	0	(26)
Profit for the financial year	0	0	0	0	0	0	1,899	1,899	3	1,902
Total comprehensive income for the financial year	0	0	0	0	0	(26)	1,899	1,873	3	1,876
Interim dividend of 1 sen per share, less tax at 25% (representing total transactions with owners)	0	0	0	0	0	0	(372)	(372)	0	(372)
Cancellation of treasury shares	(435)	714	(714)	435	0	0	0	0	0	0
Transfer of revaluation surplus	0	0	0	0	(264)	0	264	0	0	0
Balance at 31 December 2011	49,620	0	471	435	2,630	71	(4,895)	48,332	3	48,335

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,319	5,498
Adjustments for:-			
Depreciation		2,616	3,299
Dividend income		(4)	(4)
Gain on derecognition of available-for-sale financial assets		0	(23)
Gain on disposal of property, plant and equipment		(98)	(80)
Impairment loss on loans and receivables		1,505	1,610
Interest expense		1,730	1,656
Interest income		(15)	(10)
Loss on disposal of assets held for sale		0	209
Property, plant and equipment written off		4	1
Reversal of impairment loss on loans and receivables		(305)	(421)
Share of profit of associate		(27)	(19)
Waiver of debts		0	(199)
Operating profit before working capital changes		<u>8,725</u>	<u>11,517</u>
Changes in:-			
Inventories		(1,447)	(284)
Receivables and prepayments		(1,166)	(1,181)
Payables		692	(338)
Cash generated from operations		<u>6,804</u>	<u>9,714</u>
Tax paid		(1,958)	(1,744)
Tax refunded		0	82
Net cash from operating activities		<u>4,846</u>	<u>8,052</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		3	3
Interest received		15	10
Proceeds from disposal of assets held for sale		0	1,690
Proceeds from disposal of available-for-sale financial assets		3	57
Proceeds from disposal of property, plant and equipment		98	120
Purchase of available-for-sale financial assets		(12)	0
Purchase of property, plant and equipment	21	<u>(5,141)</u>	<u>(2,556)</u>
Net cash used in investing activities		<u>(5,034)</u>	<u>(676)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(372)	(372)
Interest paid		(1,730)	(1,642)
Net decrease in short-term loans and borrowings		(825)	(1,927)
Placement of term deposits pledged as security		0	(1,128)
Repayment of hire purchase obligations		(465)	(446)
Repayment of long-term loans		(1,149)	(793)
Long-term loans raised		4,000	0
Net cash used in financing activities		<u>(541)</u>	<u>(6,308)</u>
Net (decrease)/increase in cash and cash equivalents		(729)	1,068
Cash and cash equivalents brought forward		220	(848)
Cash and cash equivalents carried forward	11	<u>(509)</u>	<u>220</u>

The annexed notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	2011 RM'000	2010 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	49	33
Investment property	5	2,590	2,590
Investments in subsidiaries	6	16,314	16,364
Available-for-sale financial assets	8	291	308
		<u>19,244</u>	<u>19,295</u>
CURRENT ASSETS			
Other receivables	10	4,675	4,639
Prepayments		3	4
Cash and cash equivalents	11	229	625
		<u>4,907</u>	<u>5,268</u>
CURRENT LIABILITIES			
Other payables	12	813	796
Loans and borrowings - secured	13	1,603	2,023
Current tax liabilities		19	163
		<u>2,435</u>	<u>2,982</u>
NET CURRENT ASSETS		2,472	2,286
NON-CURRENT LIABILITIES			
Loans and borrowings - secured	13	247	307
Deferred tax liabilities	14	99	94
		<u>346</u>	<u>401</u>
NET ASSETS		<u>21,370</u>	<u>21,180</u>
EQUITY			
Share capital	15	49,620	50,055
Treasury shares		0	(714)
Share premium		471	1,185
Capital redemption reserve		435	0
Fair value reserve		71	97
Accumulated losses		(29,227)	(29,443)
TOTAL EQUITY		<u>21,370</u>	<u>21,180</u>

The annexed notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM'000	2010 RM'000
Revenue	16	4,229	4,330
Other income		215	344
Depreciation		(24)	(35)
Employee benefits expense	17	(845)	(804)
Finance costs		(263)	(335)
Other expenses		(2,384)	(2,208)
Profit before tax	18	928	1,292
Tax expense	19	(340)	(530)
Profit for the financial year		588	762
Other comprehensive income:-			
(Loss)/Gain on available-for-sale financial assets		(26)	120
Reclassification adjustments on derecognition of available-for-sale financial assets		0	(23)
Other comprehensive income for the financial year		(26)	97
Total comprehensive income for the financial year		562	859

The annexed notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Share capital RM'000	Treasury shares RM'000	Non-distributable Capital		Fair value reserve RM'000	Accumulated losses RM'000	Total equity RM'000
			Share premium RM'000	redemption reserve RM'000			
Balance at 1 January 2010	50,055	(714)	1,185	0	0	(29,833)	20,693
Gain on available-for-sale financial assets	0	0	0	0	120	0	120
Reclassification adjustments on derecognition of available-for-sale financial assets	0	0	0	0	(23)	0	(23)
Other comprehensive income for the financial year	0	0	0	0	97	0	97
Profit for the financial year	0	0	0	0	0	762	762
Total comprehensive income for the financial year	0	0	0	0	97	762	859
Interim dividend of 1 sen per share, less tax at 25% (representing total transactions with owners)	0	0	0	0	0	(372)	(372)
Balance at 31 December 2010	50,055	(714)	1,185	0	97	(29,443)	21,180
Loss on available-for-sale financial assets (representing other comprehensive income for the financial year)	0	0	0	0	(26)	0	(26)
Profit for the financial year	0	0	0	0	0	588	588
Total comprehensive income for the financial year	0	0	0	0	(26)	588	562
Interim dividend of 1 sen per share, less tax at 25% (representing total transactions with owners)	0	0	0	0	0	(372)	(372)
Cancellation of treasury shares	(435)	714	(714)	435	0	0	0
Balance at 31 December 2011	49,620	0	471	435	71	(29,227)	21,370

The annexed notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

Note	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	928	1,292
Adjustments for:-		
Depreciation	24	35
Dividend income	(2,404)	(2,524)
Gain on derecognition of available-for-sale financial assets	0	(23)
Gain on disposal of property, plant and equipment	(10)	0
Impairment loss on investments in subsidiaries	50	644
Impairment loss on loans and receivables	1,982	1,239
Interest expense	263	335
Interest income	(6)	(9)
Reversal of impairment loss on loans and receivables	(159)	(95)
Waiver of debts	0	(199)
Operating profit before working capital changes	668	695
Changes in:-		
Receivables and prepayments	11	13
Payables	17	(20)
Cash generated from operations	696	688
Tax paid	(478)	(305)
Net cash from operating activities	218	383
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	2,403	2,343
Interest received	6	9
Net advance to subsidiaries	(1,869)	(2,191)
Proceeds from disposal of available-for-sale financial assets	3	57
Proceeds from disposal of property, plant and equipment	10	0
Purchase of available-for-sale financial assets	(12)	0
Purchase of property, plant and equipment	(40)	(7)
Net cash from investing activities	501	211
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(372)	(372)
Interest paid	(263)	(335)
Net advance from subsidiaries	0	522
Net decrease in short-term loans and borrowings	(425)	(463)
Repayment of long-term loans	(55)	(50)
Withdrawal of term deposits pledged as security	0	372
Net cash used in financing activities	(1,115)	(326)
Net (decrease)/increase in cash and cash equivalents	(396)	268
Cash and cash equivalents brought forward	625	357
Cash and cash equivalents carried forward	229	625

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

1. GENERAL INFORMATION

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

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 6.

The registered office of the Company is located at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang and its principal place of business is located at 1574, Jalan Bukit Panchor, 14300 Nibong Tebal, Seberang Perai Selatan, Penang.

The consolidated financial statements set out on pages 29 to 32 together with the notes thereto cover the Company and its subsidiaries ("the Group") and the Group's interests in associates. The separate financial statements of the Company set out on pages 33 to 36 together with the notes thereto cover the Company solely.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 26 April 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Financial Reporting Standards ("FRSs") and the Companies Act 1965 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The following amended/revised/new FRSs became effective for the financial year under review:-

FRS	Effective for annual periods beginning on or after
Amendment to FRS 1 <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	1 January 2011
Amendments to FRS 1 <i>Additional Exemptions for First-time Adopters</i>	1 January 2011
Amendments to FRS 2 <i>Share-based Payment</i>	1 July 2010
Amendments to FRS 2 <i>Group Cash-settled Share-based Payment Transactions</i>	1 January 2011
Amendments to FRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 7 <i>Improving Disclosures about Financial Instruments</i>	1 January 2011
Amendments to FRS 132 <i>Financial Instruments: Presentation</i>	1 March 2010
Amendments to FRS 138 <i>Intangible Assets</i>	1 July 2010
Amendments to IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 July 2010
Amendments to FRSs contained in the document entitled " <i>Improvements to FRSs (2010)</i> "	1 January 2011
FRS 1 <i>First-time Adoption of Financial Reporting Standards (revised in 2010)</i>	1 July 2010
FRS 3 <i>Business Combinations (revised in 2010)</i>	1 July 2010
FRS 127 <i>Consolidated and Separate Financial Statements (revised in 2010)</i>	1 July 2010
IC Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>	1 January 2011
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 July 2010
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 July 2010
IC Interpretation 18 <i>Transfers of Assets from Customers</i>	1 January 2011

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.1 Basis of Preparation of Financial Statements (Cont'd)**

The adoption of the above amended/revised/new FRSs did not result in any significant changes in the accounting policies of the Group and the Company except as follows:-

FRS 3 Business Combinations (revised in 2010) and FRS 127 Consolidated and Separate Financial Statements (revised in 2010)

FRS 3 (revised in 2010) and FRS 127 (revised in 2010), which supersede FRS 3 *Business Combinations* (issued in 2005) and FRS 127 *Consolidated and Separate Financial Statements* (revised in 2005) respectively, introduce significant changes to the accounting principles for business combinations and consolidated financial statements, both at the acquisition date and post acquisition. Some of the key principles established are disclosed in Note 2.3.

In accordance with the transitional provisions of FRS 3 (revised in 2010), the Group and the Company have applied the standard prospectively to business combinations for which the acquisition date is on or after the effective date. In accordance with the transitional provisions of FRS 127 (revised in 2010), the significant amendments thereto have also been applied prospectively. Accordingly, business combinations entered into prior to 1 January 2011 have not been restated to comply with the standards.

2.2 Future Accounting Standards

In November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") framework. The issuance was made in conjunction with the MASB's plan to converge with International Financial Reporting Standards ("IFRS") in 2012. The MFRS framework is a fully IFRS-compliant framework and equivalent to IFRSs. It comprises standards as issued by the International Accounting Standards Board ("IASB") that are effective on 1 January 2012 and also amended/revised/new standards recently issued by the IASB that will be effective after 1 January 2012.

The Group and the Company will first adopt the MFRS framework for the financial year ending 31 December 2012. Management foresees that the transition to the MFRS framework will not have any significant impacts on the financial statements except as follows:-

MFRS 9 Financial Instruments

MFRS 9 (effective for annual periods beginning on or after 1 January 2015) replaces the guidance in MFRS 139 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets by dividing them into 3 classifications: (1) those measured at amortised cost; (2) those measured at fair value through profit or loss; and (3) those measured at fair value through other comprehensive income. Management foresees that the adoption of these new classifications will not result in any significant changes to the existing measurement bases of financial assets of the Group and the Company.

MFRS 10 Consolidated Financial Statements

MFRS 10 (effective for annual periods beginning on or after 1 January 2013) replaces the consolidation guidance in MFRS 127 *Consolidated and Separate Financial Statements* and IC Interpretation 112 *Consolidation - Special Purpose Entities* by introducing a single consolidation model for all entities based on control. Under MFRS 10, control is based on whether an investor has (1) power over the investee; (2) exposure, or rights, to variable returns from its involvement with the investee; and (3) the ability to use its power over the investee to affect the amount of the returns. Management foresees that the adoption of these new control criteria will not result in any significant changes to the existing composition of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Future Accounting Standards (Cont'd)

MFRS 112 Income Taxes

MFRS 112 provides a practical approach for measuring deferred tax by introducing a rebuttable presumption that the carrying amount of investment property stated at fair value will be recovered entirely through sale. Accordingly, the measurement of deferred tax shall reflect the tax consequences of recovering the carrying amount of the investment property entirely through sale. Management estimates that the adoption of this standard will have the following financial impacts:-

	The Group and the Company	
	Decrease	Decrease
	in Balance at	in Balance at
	1.1.2011	31.12.2011
	RM'000	RM'000
Deferred tax liabilities	88	88
Accumulated losses	<u>88</u>	<u>88</u>

2.3 Basis of Consolidation

A subsidiary is an entity that is controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:-

- (a) the aggregate of:-
- (i) the acquisition-date fair value of the consideration transferred;
 - (ii) the amount of any non-controlling interests; and
 - (iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.

- (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.8. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of Consolidation (Cont'd)

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

2.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost or at valuation less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.8.

Revaluations of land and buildings are made with sufficient regularity at an interval of not more than five years such that the carrying amounts of the assets do not differ materially from their fair values at the end of the reporting period.

A revaluation increase is recognised in other comprehensive income and accumulated in equity as revaluation surplus or recognised in profit or loss to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in profit or loss. A revaluation decrease is recognised in profit or loss or recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of the same asset.

Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated on a straight-line basis over the lease term of 43 years. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	2-3%
Plant and machinery	10-33%
Tools and equipment	10-33%
Furniture, fittings and office equipment	10-33%
Motor vehicles	20-25%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2.5 Investment Property

Investment property, being a property held to earn rentals and/or for capital appreciation, is stated at fair value. Any gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

2.6 Investments in Subsidiaries

As required by the Companies Act 1965, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.8.

2.7 Investments in Associates

An associate is an entity, other than a subsidiary or a joint venture, over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over those policies.

In the consolidated financial statements, investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is initially recognised at cost and the carrying amount is subsequently adjusted to recognise the Group's share of the post-acquisition profit or loss and other comprehensive income of the associate. After application of the equity method, the carrying amount of the investment is subject to further impairment assessment. The impairment policy is disclosed in Note 2.8.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment of Non-financial Assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than inventories and investment property stated at fair value, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs to sell and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation decrease.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation increase. An impairment loss on goodwill is not reversed.

2.9 Inventories

Inventories of materials and goods are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

2.10 Financial Assets

Financial assets of the Group and the Company consist of investments in equity instruments, receivables and cash and cash equivalents.

Recognition and Measurement

A financial asset 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 financial instrument. A regular way purchase or sale of financial assets is recognised or derecognised using settlement date accounting. A financial asset is initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs. The subsequent measurement of a financial asset depends on its classification as follows:-

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

The Group and the Company do not have any financial assets classified under this category.

(ii) Held-to-maturity investments

The Group and the Company do not have any financial assets classified under this category.

(iii) Loans and receivables

All receivables and cash and cash equivalents are classified under this category. After initial recognition, such financial assets are measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial asset is derecognised or impaired as well as through the amortisation process.

(iv) Available-for-sale financial assets

All investments in equity instruments (other than interests in subsidiaries and associates) are classified under this category. After initial recognition, such financial assets are measured at fair value. Any gain or loss arising from a change in the fair value, except for impairment loss, is recognised in other comprehensive income and accumulated in equity as fair value reserve until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.10 Financial Assets (Cont'd)**

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset have expired or all the risks and rewards of ownership have been substantially transferred.

Impairment

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the impairment loss is measured as follows:-

(i) Financial assets carried at amortised cost

An impairment loss on loans and receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the asset's original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. The gross carrying amount and the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the increased carrying amount does not exceed what the amortised cost would have been had no impairment loss been recognised at the reversal date. The reversal is recognised in profit or loss.

(ii) Available-for-sale financial assets

When there is a significant or prolonged decline in the fair value of an investment in equity instrument classified as available-for-sale, the cumulative loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. Such cumulative loss reclassified from equity to profit or loss represents an impairment loss and is measured as the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in profit or loss. The impairment loss is not reversed through profit or loss in any subsequent period.

Determination of Fair Values

The carrying amounts of receivables and cash and cash equivalents which are short-term in nature or repayable on demand are assumed to be reasonable approximations of fair values.

Fair value measurements recognised in the statement of financial position are categorised into the following levels of fair value hierarchy:-

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

The fair values of quoted investments are determined by reference to their quoted closing bid prices at the end of the reporting period (i.e. Level 1).

2.11 Financial Liabilities

Financial liabilities of the Group and the Company consist of payables, loans and borrowings and financial guarantee contracts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial Liabilities (Cont'd)

Recognition and Measurement

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 financial instrument. A financial liability is initially recognised at fair value less directly attributable transaction costs. After initial recognition, all financial liabilities, except for financial guarantee contracts, are measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial liability is derecognised as well as through the amortisation process. After initial recognition at fair value, if any, financial guarantee contracts are measured at the higher of the amount initially recognised less appropriate amortisation and the estimate of any probable obligation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

Determination of Fair Values

The carrying amounts of payables and loans and borrowings which are short-term in nature or repayable on demand are assumed to be reasonable approximations of fair values.

The fair values of long-term loans and borrowings are estimated by discounting the expected future cash flows using the current market interest rates for similar liabilities.

Fair value measurements recognised in the statement of financial position are categorised into the following levels of fair value hierarchy:-

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial guarantee contracts are estimated based on probability-adjusted discounted cash flow analysis after considering the probability of default by the debtors (i.e. Level 3).

2.12 Leases

Finance Lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

A finance lease, including hire purchase, is initially recognised as an asset and liability at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The minimum lease payments are subsequently apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The depreciation policy for depreciable leased assets is consistent with that for equivalent owned assets.

Operating Lease

An operating lease is a lease other than a finance lease.

Lease payments under an operating lease are recognised in profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Foreign Currency Transactions and Translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

In translating the financial position and results of a foreign operation whose functional currency is not the required presentation currency, i.e. Ringgit Malaysia, assets and liabilities are translated into the presentation currency using the closing rate whereas income and expenses are translated using the exchange rates at transaction dates. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity as currency translation reserve until the foreign operation is disposed of, at which time the cumulative exchange differences previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Any goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation to be expressed in its functional currency and translated into the presentation currency using the closing rate.

2.14 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Own shares purchased are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act 1965. The total amount of consideration paid, including directly attributable costs, is recognised directly in equity. When treasury shares are distributed as share dividends, the cost of the shares distributed is applied in the reduction of share premium and/or distributable reserves. When treasury shares are cancelled, an amount equivalent to their nominal value is transferred from share capital to a capital redemption reserve and the total cost of the treasury shares cancelled is adjusted to share premium and/or other suitable reserves.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

2.15 Income Recognition

Income from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Income from the rendering of services is recognised when the services are performed.

Dividend income is recognised when the shareholder's right to receive payment is established.

Rental income is recognised on an accrual basis.

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Employee Benefits

Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss in the period in which the associated services are rendered by the employee.

Defined Contribution Plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). Contributions to defined contribution plans are recognised in profit or loss in the period in which the associated services are rendered by the employee.

2.17 Borrowings Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.18 Income Taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.19 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, term deposits (excluding those pledged as security), bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY

Judgements Made in Applying Accounting Policies

In the process of applying the accounting policies of the Group and the Company, management makes the following judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements:-

(i) Classification of leasehold land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to ownership of the land through a finance lease.

(ii) Impairment of available-for-sale financial assets

When there is a significant or prolonged decline in the fair value of an investment in equity instrument classified as available-for-sale, the cumulative decline represents an impairment loss. The determination of what constitutes "significant or prolonged" requires judgement. In making this judgement, management continuously evaluates the historical share price movements and the duration and extent of the decline in fair value below cost. For the financial year ended 31 December 2011, the Group and the Company have not recognised any impairment loss on available-for-sale financial assets.

Sources of Estimation Uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. Management estimates the useful lives to be within 3 to 50 years. Changes in the expected level of usage and technological development will impact on the economic useful lives and residual values of the assets and therefore, future depreciation charges may be revised. The carrying amounts of property, plant and equipment are disclosed in Note 4.

(ii) Impairment of non-financial assets

When the recoverable amount of a non-financial asset is determined based on its value in use, estimates on future cash flows and appropriate discount rate are required to determine the present value of those cash flows. The non-financial assets subject to impairment assessment and their carrying amounts as at 31 December 2011 are as follows:-

	The Group	The Company
	RM'000	RM'000
Property, plant and equipment	33,773	49
Goodwill on consolidation	196	0
	33,969	49

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONT'D)

Sources of Estimation Uncertainty (Cont'd)

(iii) Allowance for inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews require the use of judgements and estimates. Possible changes in these estimates may result in revisions to the valuation of inventories. The carrying amounts of inventories are disclosed in Note 9.

(iv) Impairment of loans and receivables

The Group and the Company make allowance for impairment based on an assessment of the recoverability of loans and receivables. Allowance is applied to loans and receivables when there is objective evidence that the balances may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment. Where expectations are different from previous estimates, the difference will impact on the carrying amounts of loans and receivables as disclosed in Note 10.

(v) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimates. The Group and the Company recognise tax assets/liabilities based on their understanding of the prevailing tax laws and estimates of whether such assets/liabilities will be realised/settled in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts initially recognised, the difference will impact on the tax recognition in the period in which the outcome is determined. The carrying amounts of tax assets/liabilities as at 31 December 2011 are as follows:-

	The Group RM'000	The Company RM'000
Current tax assets	584	0
Current tax liabilities	19	19
Deferred tax liabilities	3,236	99

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land RM'000	Short-term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Tools and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
Cost/Valuation									
Balance at 1 January 2010	3,500	4,800	16,365	46,612	1,758	3,840	1,168	0	78,043
Additions	0	0	12	2,014	129	183	130	409	2,877
Disposals/Write-offs	0	0	0	(563)	(1)	(339)	(407)	0	(1,310)
Balance at 31 December 2010	3,500	4,800	16,377	48,063	1,886	3,684	891	409	79,610
Representing:-									
- Cost	0	0	12	48,063	1,886	3,684	891	409	54,945
- Valuation	3,500	4,800	16,365	0	0	0	0	0	24,665
	3,500	4,800	16,377	48,063	1,886	3,684	891	409	79,610
Balance at 1 January 2011									
Balance at 1 January 2011	3,500	4,800	16,377	48,063	1,886	3,684	891	409	79,610
Additions	0	0	14	4,371	259	112	79	306	5,141
Disposals/Write-offs	0	0	0	(739)	(2)	(43)	(177)	0	(961)
Reclassification	0	0	705	0	0	0	0	(705)	0
Balance at 31 December 2011	3,500	4,800	17,096	51,695	2,143	3,753	793	10	83,790
Representing:-									
- Cost	0	0	731	51,695	2,143	3,753	793	10	59,125
- Valuation	3,500	4,800	16,365	0	0	0	0	0	24,665
	3,500	4,800	17,096	51,695	2,143	3,753	793	10	83,790
Accumulated Depreciation									
Balance at 1 January 2010	0	0	0	40,423	1,439	3,419	1,047	0	46,328
Depreciation	0	190	497	2,314	92	141	65	0	3,299
Disposals/Write-offs	0	0	0	(563)	0	(339)	(367)	0	(1,269)
Balance at 31 December 2010	0	190	497	42,174	1,531	3,221	745	0	48,358
Depreciation	0	190	521	1,567	91	184	63	0	2,616
Disposals/Write-offs	0	0	0	(735)	(2)	(43)	(177)	0	(957)
Balance at 31 December 2011	0	380	1,018	43,006	1,620	3,362	631	0	50,017
Carrying Amount									
Balance at 1 January 2010	3,500	4,800	16,365	6,189	319	421	121	0	31,715
Balance at 31 December 2010	3,500	4,610	15,880	5,889	355	463	146	409	31,252
Balance at 31 December 2011	3,500	4,420	16,078	8,689	523	391	162	10	33,773

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The land and buildings were revalued on 31 December 2009 based on the market values given by independent professional valuers using the comparison method. Had the land and buildings been carried at historical cost less accumulated depreciation, the carrying amounts that would have been recognised in the financial statements are as follows:-

	The Group	
	2011	2010
	RM'000	RM'000
Freehold land	1,904	1,904
Short-term leasehold land	826	862
Buildings	10,347	9,948
	<u>13,077</u>	<u>12,714</u>

The carrying amounts of property, plant and equipment pledged as security for credit facilities granted to the Group are as follows:-

	The Group	
	2010	2010
	RM'000	RM'000
Freehold land	3,500	3,500
Short-term leasehold land	4,420	4,610
Buildings	16,078	15,880
Plant and machinery	524	969
Tools and equipment	35	60
Furniture, fittings and office equipment	12	18
	<u>24,569</u>	<u>25,037</u>

The carrying amounts of property, plant and equipment acquired under hire purchase financing which remained outstanding as at the end of the reporting period are as follows:-

	The Group	
	2011	2010
	RM'000	RM'000
Plant and machinery	1,727	1,975
Tools and equipment	53	63
Motor vehicles	4	20
	<u>1,784</u>	<u>2,058</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company

	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<u>Cost</u>			
Balance at 1 January 2010	1,241	102	1,343
Additions	7	0	7
Disposals/Write-offs	(178)	0	(178)
Balance at 31 December 2010	1,070	102	1,172
Additions	40	0	40
Disposals/Write-offs	(1)	(102)	(103)
Balance at 31 December 2011	1,109	0	1,109
<u>Accumulated Depreciation</u>			
Balance at 1 January 2010	1,180	102	1,282
Depreciation	35	0	35
Disposals/Write-offs	(178)	0	(178)
Balance at 31 December 2010	1,037	102	1,139
Depreciation	24	0	24
Disposals/Write-offs	(1)	(102)	(103)
Balance at 31 December 2011	1,060	0	1,060
<u>Carrying Amount</u>			
Balance at 1 January 2010	61	0	61
Balance at 31 December 2010	33	0	33
Balance at 31 December 2011	49	0	49

5. INVESTMENT PROPERTY

The Group

	Freehold land and buildings RM'000	Office lots RM'000	Total RM'000
<u>Fair Value</u>			
Balance at 1 January 2010	11,350	2,590	13,940
Movement during the year	0	0	0
Balance at 31 December 2010	11,350	2,590	13,940
Movement during the year	0	0	0
Balance at 31 December 2011	11,350	2,590	13,940

The Company

	Office lots RM'000
<u>Fair Value</u>	
Balance at 1 January 2010	2,590
Movement during the year	0
Balance at 31 December 2010	2,590
Movement during the year	0
Balance at 31 December 2011	2,590

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

5. INVESTMENT PROPERTY (CONT'D)

The fair values of investment property were determined based on the market values given by independent professional valuers using the comparison method.

Certain investment property of the Group and the Company with total carrying amounts of RM13,590,000 (2010 : RM13,590,000) and RM2,590,000 (2010 : RM2,590,000) respectively has been pledged as security for credit facilities granted to the Group and the Company.

6. INVESTMENTS IN SUBSIDIARIES

The Company

	2011 RM'000	2010 RM'000
Unquoted shares, at cost	33,395	33,395
Impairment losses	(17,081)	(17,031)
	<u>16,314</u>	<u>16,364</u>

The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Ownership Interest		Principal Activity
		2011	2010	
<u>Direct Subsidiaries</u>				
Master-Pack Sdn. Bhd.	Malaysia	100%	100%	Manufacture of corrugated cartons and distribution of packaging materials
Master-Pack (Sarawak) Sdn. Bhd.	Malaysia	100%	100%	Manufacture and sale of corrugated fibreboard cartons
Master-Pack Marine Products Sdn. Bhd.	Malaysia	100%	100%	Renting of property, equipment and machinery
Master-Pack Labs Sdn. Bhd.	Malaysia	68%	68%	Inactive
Master-Pack Energy Sdn. Bhd.	Malaysia	60%	60%	Trading of industrial diesels and additives
Sin Wan Fatt Marine Products Sdn. Bhd.	Malaysia	100%	100%	Inactive
Tung Hai Fishing Sendirian Berhad	Malaysia	100%	100%	Inactive
<u>Indirect Subsidiaries</u>				
Master-Pack Nutraceuticals Sdn. Bhd.	Malaysia	68%	68%	Inactive
Ocean Garden Seafood Products Sdn. Bhd.	Malaysia	53%	53%	Inactive
Master-Pack Vietnam Co. Ltd.*	Vietnam	100%	N/A	Inactive

* Incorporated in August 2011 but not required to be audited, and consolidated using unaudited financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

7. INVESTMENTS IN ASSOCIATES

The Group

	2011 RM'000	2010 RM'000
Unquoted shares, at cost	100	145
Share of post-acquisition profit or loss	145	73
	245	218

The details of the associates are as follows:-

Name of Associate	Country of Incorporation	Effective Ownership Interest		Principal Activity
		2011	2010	
Hugh Packaging (Selangor) Sdn. Bhd.*	Malaysia	0%	30%	Manufacture of packaging materials
Richmond Technology Sdn. Bhd.	Malaysia	20%	20%	Manufacture of packaging materials

* *Disposed of in August 2011*

The summarised financial information of Richmond Technology Sdn. Bhd. is as follows:-

	2011 RM'000	2010 RM'000
Total assets	2,706	2,614
Total liabilities	1,482	1,523
Revenue	6,481	7,565
Profit for the financial year	133	93

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group and the Company

	2011 RM'000	2010 RM'000
Shares quoted in Malaysia, at fair value (Level 1)	291	308

9. INVENTORIES

The Group

	2011 RM'000	2010 RM'000
Raw materials	7,151	5,846
Work-in-progress	559	432
Finished goods	864	616
Goods-in-transit	595	828
	9,169	7,722

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

10. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade receivables:-				
- Associates	495	1,615	0	0
- Allowance for impairment	0	(233)	0	0
	495	1,382	0	0
- Other related parties*	53	0	0	0
- Unrelated parties	19,156	16,966	0	0
- Allowance for impairment	(2,561)	(977)	0	0
	16,595	15,989	0	0
	17,143	17,371	0	0
Other receivables:-				
- Subsidiaries	0	0	23,395	21,526
- Allowance for impairment	0	0	(19,398)	(17,418)
	0	0	3,997	4,108
- Unrelated parties	1,148	1,073	928	940
- Allowance for impairment	(250)	(409)	(250)	(409)
	898	664	678	531
	898	664	4,675	4,639
	18,041	18,035	4,675	4,639

* Being companies in which a director of the Company has substantial financial interests

Trade Receivables

Trade receivables are unsecured, non-interest bearing and generally on 30 to 150 day terms.

The movements in allowance for impairment are as follows:-

	The Group	
	2011 RM'000	2010 RM'000
Balance at 1 January	1,210	444
Impairment loss recognised	1,503	1,198
Impairment loss reversed	(146)	(421)
Impairment loss written off	(6)	(11)
Balance at 31 December	2,561	1,210

All the above impairment losses were individually determined after considering the unfavourable financial conditions of the debtors who have defaulted/delayed in payments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

10. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade Receivables (Cont'd)

The ageing analysis of trade receivables not impaired is as follows:-

	The Group	
	2011 RM'000	2010 RM'000
Not past due	13,886	10,396
Past due:-		
- 1 to 30 days	1,117	2,688
- 31 to 120 days	1,486	2,176
- More than 120 days	654	2,111
	17,143	17,371

Trade receivables that are neither past due nor impaired mainly relate to creditworthy customers who have regular transactions and good payment records with the Group.

Management determines credit risk concentration in terms of counterparties. As at 31 December 2011, there were 2 (2010 : 2) major customers that accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major customers amounted to RM7,914,000 (2010 : RM6,436,000).

Other Receivables

Other receivables are unsecured and non-interest bearing. The amounts owing by subsidiaries are repayable on demand. The amounts owing by unrelated parties mainly consist of advances and refundable deposits which have no fixed repayment terms.

The movements in allowance for impairment are as follows:-

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Balance at 1 January	409	0	17,827	16,769
Impairment loss recognised	2	412	1,982	1,239
Impairment loss reversed	(159)	0	(159)	(95)
Impairment loss written off	(2)	(3)	(2)	(86)
Balance at 31 December	250	409	19,648	17,827

All the above impairment losses were individually determined after considering the unfavourable financial conditions of the debtors who have defaulted/delayed in payments.

11. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Fixed rate term deposits with:-				
- Licensed banks	0	402	0	402
- Other financial institution	1,500	1,500	0	0
Cash and bank balances	1,342	1,444	229	223
	2,842	3,346	229	625

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

11. CASH AND CASH EQUIVALENTS (CONT'D)

Certain term deposits of the Group totalling RM1,500,000 (2010 : RM1,500,000) have been pledged as security for credit facilities granted to the Group. Accordingly, these term deposits are not freely available for use.

The effective interest rate of term deposits as at 31 December 2011 was 2.90% (2010 : 1.50% to 2.60%) per annum.

For the purpose of statements of cash flows, cash and cash equivalents exclude term deposits pledged as security and are presented net of bank overdrafts as follows:-

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash and cash equivalents	2,842	3,346	229	625
Term deposits pledged as security	(1,500)	(1,500)	0	0
Bank overdrafts	(1,851)	(1,626)	0	0
	<u>(509)</u>	<u>220</u>	<u>229</u>	<u>625</u>

12. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade payables	2,624	2,262	0	0
Other payables:-				
- Subsidiary	0	0	549	549
- Unrelated parties	2,663	2,333	264	247
	<u>2,663</u>	<u>2,333</u>	<u>813</u>	<u>796</u>
	<u>5,287</u>	<u>4,595</u>	<u>813</u>	<u>796</u>

The currency profile of trade and other payables is as follows:-

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	5,075	4,471	813	796
US Dollar	212	124	0	0
	<u>5,287</u>	<u>4,595</u>	<u>813</u>	<u>796</u>

Trade and other payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Trade Payables

Trade payables are unsecured, non-interest bearing and generally on 30 to 60 day terms.

Other Payables

Other payables are unsecured and non-interest bearing. The amount owing to subsidiary is repayable on demand. The amounts owing to unrelated parties mainly consist of sundry payables and accruals for operating expenses which are generally due within 30 to 90 days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

13. LOANS AND BORROWINGS - SECURED

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Fixed rate:-				
- Hire purchase payables	912	1,377	0	0
- Banker acceptances	4,289	4,689	0	0
- Short-term loans	1,543	1,968	1,543	1,968
- Long-term loans	307	362	307	362
Floating rate:-				
- Bank overdrafts	1,851	1,626	0	0
- Long-term loans	13,593	10,687	0	0
	22,495	20,709	1,850	2,330
Disclosed as:-				
- Current liabilities	11,877	9,851	1,603	2,023
- Non-current liabilities	10,618	10,858	247	307
	22,495	20,709	1,850	2,330

Hire purchase payables are secured against the assets acquired thereunder (Note 4). Other loans and borrowings are secured against certain property, plant and equipment (Note 4), investment property (Note 5) and term deposits (Note 11).

The effective interest rates of loans and borrowings as at 31 December 2011 ranged from 3.29% to 10.00% (2010 : 3.59% to 10.00%) per annum.

Except for hire purchase payables and long-term loans, loans and borrowings are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Hire Purchase Payables

Hire purchase payables are repayable over 4 to 5 years. The repayment analysis is as follows:-

	The Group	
	2011 RM'000	2010 RM'000
Minimum hire purchase payments:-		
- Within 1 year	509	537
- Later than 1 year and not later than 2 years	444	516
- Later than 2 years and not later than 5 years	22	467
Total contractual undiscounted cash flows	975	1,520
Future finance charges	(63)	(143)
Present value of hire purchase payables:-		
- Within 1 year	462	458
- Later than 1 year and not later than 2 years	428	468
- Later than 2 years and not later than 5 years	22	451
	912	1,377

The carrying amounts of hire purchase payables are reasonable approximations of fair values as their effective interest rates also approximate to the current market interest rates for similar liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

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

Long-term Loans

Long-term loans are repayable over 5 to 15 years. The repayment analysis is as follows:-

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Gross loan instalments:-				
- Within 1 year	4,706	1,884	84	84
- Later than 1 year and not later than 2 years	4,667	3,684	84	84
- Later than 2 years and not later than 5 years	6,953	7,744	212	251
- Later than 5 years	0	48	0	48
Total contractual undiscounted cash flows	16,326	13,360	380	467
Future finance charges	(2,426)	(2,311)	(73)	(105)
Present value of long-term loans:-				
- Within 1 year	3,732	1,110	60	55
- Later than 1 year and not later than 2 years	3,871	2,954	63	58
- Later than 2 years and not later than 5 years	6,297	6,940	184	204
- Later than 5 years	0	45	0	45
	<u>13,900</u>	<u>11,049</u>	<u>307</u>	<u>362</u>

The carrying amounts of long-term loans are reasonable approximations of fair values as their effective interest rates also approximate to the current market interest rates for similar liabilities.

14. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Balance at 1 January	2,952	3,157	94	101
Deferred tax expense/(income) relating to origination and reversal of temporary differences	249	(346)	5	(7)
Deferred tax liabilities under provided in prior year	35	141	0	0
Balance at 31 December	<u>3,236</u>	<u>2,952</u>	<u>99</u>	<u>94</u>
In respect of taxable/(deductible) temporary differences of:-				
- Property, plant and equipment	3,312	2,988	11	6
- Investment property	88	88	88	88
- Financial instruments	(164)	(124)	0	0
	<u>3,236</u>	<u>2,952</u>	<u>99</u>	<u>94</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

14. DEFERRED TAX LIABILITIES (CONT'D)

Save as disclosed above, as at 31 December 2011, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group to the extent of approximately RM839,000 (2010 : RM903,000). No further deferred tax assets have been recognised for the excess of the deductible temporary differences, unused capital allowances and unused tax losses over the taxable temporary differences as follows:-

	2011 RM'000	2010 RM'000
Deductible temporary differences of financial instruments	1,886	691
Unused capital allowances	11,080	11,092
Unused tax losses	34,022	34,022
Taxable temporary differences of:-		
- Property, plant and equipment	(317)	(748)
- Investment property	(3,038)	(2,862)
	43,633	42,195

15. SHARE CAPITAL

	2011		2010	
	No. of Shares '000	RM'000	No. of Shares '000	RM'000
Ordinary shares of RM1.00 each				
Authorised	100,000	100,000	100,000	100,000
Issued and fully paid-up:-				
Balance at 1 January	50,055	50,055	50,055	50,055
Cancellation of treasury shares	(435)	(435)	0	0
Balance at 31 December	49,620	49,620	50,055	50,055

16. REVENUE

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sale of goods	66,494	60,205	0	0
Rendering of services	0	0	1,800	1,800
Dividend income from:-				
- Investments in subsidiaries	0	0	2,400	2,520
- Quoted investments in Malaysia	4	4	4	4
Rental income from investment property, equipment and machinery	25	1,087	25	6
	66,523	61,296	4,229	4,330

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

17. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short-term employee benefits	6,825	5,899	783	746
Defined contribution plan	483	458	62	58
	<u>7,308</u>	<u>6,357</u>	<u>845</u>	<u>804</u>

18. PROFIT BEFORE TAX

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before tax is arrived at after charging:-				
Auditors' remuneration	76	71	20	20
Direct operating expenditure for investment property:-				
- Generating rental income	66	65	6	2
- Not generating rental income	8	24	5	9
Directors' remuneration:-				
- Fee	95	87	92	85
- Other emoluments	835	853	335	340
Fee expense for financial instruments not at fair value through profit or loss	74	100	5	3
Impairment loss on investments in subsidiaries*	0	0	50	644
Impairment loss on loans and receivables:-				
- Subsidiaries	0	0	1,980	830
- Associates	0	233	0	0
- Unrelated parties	1,505	1,377	2	409
Interest expense for financial liabilities not at fair value through profit or loss	1,730	1,656	263	335
Loss on disposal of assets held for sale	0	209	0	0
Property, plant and equipment written off	4	1	0	0
Rental of equipment	4	4	0	0
Rental of premises	52	49	9	9
and crediting:-				
Gain on derecognition of available-for-sale financial assets	0	23	0	23
Gain on disposal of property, plant and equipment	98	80	10	0
Interest income for financial assets not at fair value through profit or loss	15	10	6	9
Realised gain on foreign exchange	0	4	0	0
Reversal of impairment loss on loans and receivables:-				
- Subsidiaries	0	0	0	95
- Unrelated parties	305	421	159	0
Waiver of debts	0	199	0	199
	<u>0</u>	<u>199</u>	<u>0</u>	<u>199</u>

* Included in other expenses

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

19. TAX EXPENSE

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Tax based on results for the year:-				
Malaysian income tax	1,082	1,688	335	534
Deferred tax	249	(346)	5	(7)
	1,331	1,342	340	527
Tax under/(over) provided in prior year:-				
Malaysian income tax	51	(63)	0	3
Deferred tax	35	141	0	0
	1,417	1,420	340	530

The numerical reconciliation between the product of profit before tax multiplied by the applicable tax rate, which is the statutory income tax rate, and the tax expense is as follows:-

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before tax	3,319	5,498	928	1,292
Tax at applicable tax rate of 25%	830	1,375	232	323
Non-taxable income	(291)	(73)	(271)	(185)
Non-deductible expenses	845	661	379	389
Expenses eligible for double deduction	(6)	(10)	0	0
Reinvestment allowances claimed	(407)	(837)	0	0
Increase in unrecognised deferred tax assets	360	226	0	0
Tax under provided in prior year	86	78	0	3
Tax expense	1,417	1,420	340	530

20. EARNINGS PER SHARE

The Group

The basic earnings per share is calculated by dividing the Group's profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year as follows:-

	2011	2010
Profit for the financial year attributable to owners of the Company (RM'000)	1,899	4,108
Weighted average number of shares in issue ('000)	49,620	49,620
Basic earnings per share (sen)	3.83	8.28

The diluted earnings per share equals the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

21. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

The Group

Purchase of Property, Plant and Equipment

	2011 RM'000	2010 RM'000
Cost of property, plant and equipment purchased	5,141	2,877
Amount financed through hire purchase	0	(321)
Net cash disbursed	<u>5,141</u>	<u>2,556</u>

22. RELATED PARTY DISCLOSURES

Significant transactions with related parties during the financial year are as follows:-

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Key management personnel compensation:-				
- Short-term employee benefits	1,601	1,588	408	406
- Defined contribution plan	98	112	19	19
	1,699	1,700	427	425
Dividends declared from subsidiaries	0	0	2,400	2,340
Management fee charged to subsidiaries	0	0	1,800	1,800
Purchase of goods from subsidiary	0	0	1	0
Sale of goods to associates	3,185	4,198	0	0
Sale of goods to other related parties*	1,070	0	0	0
Waiver of debts by other related parties*	0	199	0	199

* Being companies in which certain directors of the Company have substantial financial interests

23. SEGMENT REPORTING

The Group

Operating Segments

Information about operating segments has not been reported separately as the Group's profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the manufacture and sale of corrugated fibreboard cartons and packaging materials.

Geographical Information

In presenting information about geographical areas, segment revenue is based on the geographical location of customers whereas segment assets are based on the geographical location of assets.

	External Revenue		Non-current Assets	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Malaysia	66,010	60,750	47,905	45,388
Foreign countries	513	546	4	0
	<u>66,523</u>	<u>61,296</u>	<u>47,909</u>	<u>45,388</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

23. SEGMENT REPORTING (CONT'D)

Major Customer

For the financial year ended 31 December 2011, there was 1 (2010 : 1) major customer that contributed 10% or more of the Group's total revenue and the total revenue generated from this major customer amounted to RM18,995,000 (2010 : RM15,649,000).

24. CAPITAL COMMITMENTS

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Contracted but not provided for:-				
- Property, plant and equipment	0	1,938	0	0
- Investment in unquoted shares	0	*326	0	*326
	<hr/>	<hr/>	<hr/>	<hr/>

* Representing Rp950,000,000 translated using closing rate as at 31 December 2010

25. CONTINGENT LIABILITIES

The Group

Pending Litigation - Unsecured

In 2002, a writ of summon was filed against a subsidiary and a third party by a few individuals. The plaintiffs alleged that they have interests over certain portion of a piece of land purchased by the subsidiary from the third party in 1995.

In January 2011, the plaintiffs succeeded in their claim against the subsidiary. The court order requires the subsidiary to apply to the authorities for subdivision or partition in order to transfer to the plaintiffs the subdivided plots of approximately 30% of the total land area. The total awarded value of the plots of land to be subdivided to the plaintiffs is not expected to be material.

The subsidiary's counterclaim against the third party for indemnity was also disallowed by the court. However, in February 2011, the subsidiary has submitted an appeal against the court order. The subsidiary's legal advisor is of the opinion that the subsidiary would have a fair chance in overturning the court's decision in their appeal.

The Company

Pledge of Property - Secured

The Company is contingently liable up to a limit of RM1,632,000 (2010 : RM1,632,000), being the total carrying amount of its certain investment property which has been pledged as security for credit facilities granted to a subsidiary.

Financial Guarantees - Unsecured

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of approximately RM48,500,000 (2010 : RM49,550,000). The total utilisation of these credit facilities as at 31 December 2011 amounted to approximately RM21,163,000 (2010 : RM20,543,000).

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 2.11. After considering that the probability of the subsidiaries defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

26. FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, interest rate risk and other price risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

Credit Risk

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 25.

As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is minimal. The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms.

Liquidity Risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits and loans and borrowings.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments.

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss or as available-for-sale, any change in interest rates at the end of the reporting period would not affect its profit or loss or other comprehensive income. For floating rate financial instruments stated at amortised cost, the following table demonstrates the sensitivity of profit or loss to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	The Group	
	(Decrease)/ Increase in Profit 2011 RM'000	(Decrease)/ Increase in Profit 2010 RM'000
Increase in interest rates by 50 basis points	(70)	(60)
Decrease in interest rates by 50 basis points	70	60

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

26. FINANCIAL RISK MANAGEMENT (CONT'D)

Other Price Risk

The Group's exposure to other price risk arises mainly from quoted investments.

The Group manages its investments on an individual basis by continuously evaluating the share price movements, investment returns and the general industrial conditions relevant to the investees.

The Group's quoted investments are listed on Bursa Malaysia Securities Berhad. Based on the assumption that the share prices of these investments moved in correlation with the FTSE Bursa Malaysia KLCI ("FBMKLCI"), the following table demonstrates the sensitivity of profit or loss and other comprehensive income ("OCI") to changes in FBMKLCI that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	The Group and the Company			
	2011	2010	2011	2010
	Increase/ (Decrease) in Profit RM'000	Increase/ (Decrease) in OCI RM'000	Increase/ (Decrease) in Profit RM'000	Increase/ (Decrease) in OCI RM'000
Increase in FBMKLCI by 10%	0	29	0	31
Decrease in FBMKLCI by 10%	0	(29)	0	(31)

27. CAPITAL MANAGEMENT

The Group's objective in capital management is to maintain a strong capital base to support its business and maximise shareholders' value.

The Group's strategy is to maintain its debt-to-equity ratio at below 1 : 1 as follows:-

	2011 RM'000	2010 RM'000
Total loans and borrowings	22,495	20,709
Total equity	48,335	46,831
Total capital	<u>70,830</u>	<u>67,540</u>
Debt-to-equity ratio	<u>0.5 : 1</u>	<u>0.4 : 1</u>

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

SUPPLEMENTARY INFORMATION - REALISED AND UNREALISED PROFITS OR LOSSES

	The Group		The Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total accumulated losses of the Company and its subsidiaries:-				
- Realised	(44,469)	(44,091)	(29,481)	(29,702)
- Unrealised	254	626	254	259
	<u>(44,215)</u>	<u>(43,465)</u>	<u>(29,227)</u>	<u>(29,443)</u>
Total share of retained profits of associates:-				
- Realised	145	118	0	0
- Unrealised	0	0	0	0
	<u>(44,070)</u>	<u>(43,347)</u>	<u>(29,227)</u>	<u>(29,443)</u>
Consolidation adjustments and eliminations	39,175	36,661	0	0
Total accumulated losses as per statement of financial position	<u>(4,895)</u>	<u>(6,686)</u>	<u>(29,227)</u>	<u>(29,443)</u>

The above supplementary information is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

GROUP PROPERTIES

AS AT 31 DECEMBER 2011

No.	Location	Description Of Property	Build-up Area	Land Area	Existing Use	Tenure	Approx. Age Of Buiding (years)	Net Book Value	Date Of Last Revaluation / Date Of Acquisition
Properties									
1	Lot No. 408, Mukim 7, S.P.S., Penang.	Industrial Land & Factory Building	107,061 sq ft	7.17 acres	Factory for manufacturing facilities	Freehold	16	L:RM2,740,000 B:RM8,620,000	7-Dec-09
2	Plot No. 13 and 14 Mukim 5, S.P.S., Penang.	Industrial Land & Factory Building	77,200 sq ft	2.5 acres	Factory for manufacturing facilities	Freehold	11	L:RM760,000 B:RM4,751,000	7-Dec-09
3	Lot 1270, Section 66, Kuching Town Land District, Kuching, Sarawak.	Industrial Land & Factory Building	72,613 sq ft	4.05 acres	Factory for manufacturing facilities	Leasehold land Expiring in 2035	19	L:RM4,420,000 B:RM2,707,000	31-Dec-09
Investment Properties								Fair Value	
4	Lot 3527, Mukim of Kuala Kurau, Daerah Krian, Perak.	Industrial Land & Factory Building	13,677 sq ft	39,476 sq ft	Factory for manufacturing facilities, suspended operations	Freehold	21	L:RM100,000 B:RM250,000	14-Nov-11
5	Lot No. 10056 to 10063 Mukim of Parit Buntar Daerah Krian, Perak.	Industrial Land & Factory Building	90,000 sq ft	133,291 sq ft	Rented out for seafood processing	Freehold	14	L:RM1,330,000 B:RM8,450,000	14-Nov-11
6	Office units-5-3-1 to Office units-5-3-6, Hunza Complex, Greenlane Heights, Jalan Gangsa, 11600 Penang. Parent Lot: 4744, Section 5, Town of Georgetown, North East District, Penang.	Commercial Lots	8,530 sq ft	Not Applicable	Rental	Freehold	17	B:RM2,590,000	14-Nov-11
7	9645/166398 share of Lot. No. 8224, Mukim of Parit Buntar District of Kerian, Perak.	Oil Palm Estate	Not applicable	18.70 acres	Fruits harvested if available and for investment purposes	Freehold	Not applicable	L:RM1,220,000	14-Nov-11

L : Land
B : Building

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2012

DISTRIBUTION OF SHAREHOLDERS

No. of Holders	Holdings	Total Holdings	%
292	Less Than 100	13,460	0.03
134	100 – 1,000	81,129	0.16
1640	1,001 – 10,000	4,880,696	9.84
326	10,001 – 100,000	10,057,721	20.27
53	100,001 and below 5% of issued shares	18,715,144	37.71
2	5% and above of issued shares	15,872,000	31.99
2,447	TOTAL	49,620,150	100.00

DIRECTORS' SHAREHOLDINGS

Name of Director	Direct Interest	%	Deemed Interest	%
Dato' Syed Mohamad Bin Syed Murtaza	-	-	-	-
Dato' Khor Teng Tong	420,000	0.85	1,127,000 ⁽¹⁾	2.27
Aminuddin Bin Saad	100,002	0.02	-	-
Chew Hock Lin	-	-	-	-
Dr. Junid Bin Abu Saham	-	-	-	-
Nazriah Binti Shaik Alawdin	-	-	-	-

(1) Deemed interest by virtue of his shareholding in Khor Teng Tong Holdings Sdn. Bhd.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Yayasan Bumiputra Pulau Pinang Bhd.	15,872,000	31.99	-	-

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2012 (CONT'D)

LIST OF TOP 30 SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	SHAREHOLDINGS	%
1	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD- BENEFICIARY: PLEDGED FOR YAYASAN BUMIPUTRA PULAU PINANG BERHAD	9,500,000	19.15
2	HDM NOMINESS (TEMPATAN) SDN BHD- BENEFICIARY : HDM CAPITAL SDN BHD FOR YAYASAN BUMIPUTRA PULAU PINANG BERHAD	6,372,000	12.84
3	TAN KIM KEE @TAN KEE	1,547,000	3.12
4	HDM NOMINEE(TEMPATAN) SDN BHD - BENEFICIARY : HDM CAPITAL SDN BHD FOR TAN KOO CHING	1,328,700	2.68
5	KHOR TENG TONG HOLDINGS SDN BHD	1,127,000	2.27
6	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD- BENEFICIARY : PLEDGED FOR TK KHOR & ASSOCIATES SDN BHD	1,000,000	2.02
7	CHAN CHOR NGIAK	973,500	1.96
8	ONG SEW NGO	930,000	1.87
9	YIK PHOOI HAR	868,000	1.75
10	TAN BOO NAM	523,511	1.06
11	KHOR CHING WEE	523,000	1.05
12	BU YAW SENG	486,000	0.98
13	KHOR CHIN SENG	460,000	0.93
14	TK KHOR & ASSOCIATES SDN BHD	446,478	0.90
15	KHOR TENG TONG	420,000	0.85
16	TAN KIM KEE @TAN KEE	371,700	0.75
17	CHENG LEE WAH	365,200	0.74
18	KHOR KEOW KUANG	360,000	0.73
19	KHOR CHEW WAN	358,250	0.72
20	KHOR CHAI SEANG	320,000	0.64
21	CITIGROUP NOMINESS (TEMPATAN) SDN BHD – BENEFICIARY : PLEDGED FOR NG SWEE YONG	314,000	0.63
22	QUAH AI LING	282,500	0.57
23	UNG PENG JOO	255,000	0.51
24	NEW HAI HUA@NEO HAI HUA	253,000	0.51
25	TENG HEA CHIN@ CHRISTINE TENG	235,000	0.47
26	KHOR CHAI KOAN	230,000	0.46
27	TIEW SIEW CHIN	229,800	0.46
28	ECML NOMINEES (TEMPATAN) SDN BHD – BENEFICIARY : TAN KIM KEE @ TAN KEE	221,000	0.45
29	TAN KOON HEO	220,000	0.44
30	OOI LAY SEE	218,605	0.44

PROXY FORM

I/We _____
(FULL NAME IN BLOCK LETTERS & I.C. NO. OR COMPANY NO.)

of _____
(ADDRESS)

being a member/members of the abovenamed Company, hereby appoint _____

(FULL NAME IN BLOCK LETTERS & I.C. NO. OR COMPANY NO.)

of _____
(ADDRESS)

or failing him, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at Master-Pack Sdn. Bhd., 1574, Jalan Bukit Panchor, 14300 Nibong Tebal, S.P.S. Penang on Wednesday, 27 June 2012 at 3.00 p.m. and at any adjournment thereof.

ORDINARY RESOLUTION	FOR	AGAINST
1. To re-appoint Dr. Junid Bin Abu Saham as a Director of the Company.		
2. To re-elect En. Aminuddin Bin Saad as a Director of the Company.		
3. To re-elect Mr. Chew Hock Lin as a Director of the Company.		
4. To approve the increase and the payment of Directors' Fees of not exceeding RM100,000.00 for the financial year ended 31 December 2011.		
5. To re-appoint Messrs. Crowe Horwath as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
6. To obtain a shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		

Please indicate with an 'x' in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Signed this _____ day of _____, 2012.

No. of shares held

Signature(s)/Common Seal of member(s)

Notes :

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies' Act, 1965 shall not apply to the Company.
2. For a proxy to be valid, this form must be duly completed and deposited at the registered office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
6. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.



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The Company Secretary
Master-Pack Group Berhad (297020-w)
51-21-A, Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 Penang.

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MASTER-PACK GROUP BERHAD 297020-W

1574, Jalan Bukit Panchor,
14300 Nibong Tebal, S.P.S. Penang.

Tel : (04)-593 1550

Fax : (04)-593 9034

Website : www.master.net.my