annual report 2010

Central Industrial Corporation Berhad

12186-K

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Eighth Annual General Meeting of the Company will be held at Conference Room, Level 3, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor on Wednesday, 15 June 2011 at 10.00 a.m. for the following purposes :-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To approve the payment of a final dividend of 1.5% less 25% income tax for the financial year ended 31 December 2010. **Resolution 2**

3. To approve the payment of Directors' fees for the financial year ended 31 December 2010. **Resolution 3**

4. To re-elect the following Directors, who retire pursuant to Article 90 of the Company's Articles of Association :-

   a) Dato' Lim Chee Meng **Resolution 4**
   b) Mr. Koay Then Hin **Resolution 5**
   c) Mr. Foo Kee Fatt **Resolution 6**

5. To consider and if thought fit, to pass the following resolution :-

   "That pursuant to Section 129(6) of the Companies Act, 1965, Mr. Lai Kim Hean, who has attained the age of seventy (70) years, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting." **Resolution 7**

6. To re-appoint Messrs KPMG as Auditors of the Company and authorize the Directors to fix their remuneration. **Resolution 8**

7. **As Special Business**

   To consider and if thought fit, to pass with or without modifications the following Special Resolution :- **Resolution 9**

   Proposed amendment to Article 133 of the Company's Articles of Association

   "That the existing Article 133 of the Company's Articles of Association be deleted in its entirety and substituted with the following new Article 133 :-

Existing Article 133

Unless otherwise directed, any dividend may be paid by cheque, warrant or banker's draft sent through the post directed to the address of the member in the Register or Record of Depositors entitled, and every cheque, warrant or banker's draft so sent shall be made payable to the order of the person to whom it is sent. The Company shall not be responsible for the loss of any cheque, warrant or bankers draft which shall be sent by post duly addressed to the member for whom it is intended.

New Article 133

Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the last registered address of the member or person entitled thereto or paid by direct transfer or such other electronic means to the bank account provided by the member whose name appears in the Record of Depositors. Every such cheque or warrant shall be made payable to the order of the member or person entitled thereto, and the payment of any such cheque or warrant or the payment by direct transfer or such other electronic means to the bank account provided by the member whose name appears in the Record of Depositors shall operate as a good discharge of the Company's obligation in respect of dividend represented thereto, notwithstanding that it may subsequently appear that the cheque has been stolen or that the endorsement thereon or the instruction for the payment by direct transfer or such other electronic means has been forged. Every such cheque or warrant sent or payment by direct transfer or such other electronic means shall be at the risk of the person entitled to the money thereby represented.

8. To transact any other business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that the Final Dividend of 1.5% less 25% income tax for the financial year ended 31 December 2010, if approved at the Thirty-Eighth Annual General Meeting, will be paid on 13 September 2011 to the shareholders whose names appear in the Record of Depositors at the close of business on 16 August 2011.

A Depositor shall qualify for entitlement to the dividend only in respect of :-

a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 16 August 2011 in respect of ordinary transfers; and

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

By Order of the Board

FONG PHOI SHAN (MAICSA 7014620)
Company Secretary

Petaling Jaya
24th May 2011

Notes

1. *A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

2. *A member may appoint more than 2 proxies to attend at the same meeting. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*

3. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.*

5. *All forms of proxy must be deposited at the Registered Office of the Company situated at Suite 3A33, Block A2, Leisure Commerce Square, No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

6. ***Explanatory note to Special Business***

   The proposed Resolution 8, if approved, will facilitate the payment of cash dividend, interest or any money payable to the shareholders via electronic payment to shareholders' bank account in line with eDividend implemented by Bursa Malaysia Securities Berhad ("Bursa Securities").

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. **Directors who are standing for re-election at the Thirty-Eighth Annual General Meeting of the Company pursuant to Article 90 of the Company's Articles of Association :-**

   (a) Dato' Lim Chee Meng
   (b) Mr. Koay Then Hin
   (c) Mr. Foo Kee Fatt

2. **Details of Directors who are standing for re-election**

   Further details of the Directors who are standing for re-election are set out in the Directors' Profile appearing on pages 7 to 11 of this Annual Report.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Dr. Zabir Bin Bajuri	*Independent Non-Executive Chairman*
Lai Kim Hean	*Managing Director*
Lim Shiak Ling	*Executive Director*
Datuk Abdul Jamil Bin Mohd Ali	*Non-Independent Non-Executive Director*
Dato' Johan Bin Ariffin	*Non-Independent Non-Executive Director*
Dato' Lim Chee Meng	*Non-Independent Non-Executive Director*
Dato' Wira Zainuddin Bin Mahmud	*Independent Non-Executive Director*
Koay Then Hin	*Independent Non-Executive Director*
Foo Kee Fatt	*Independent Non-Executive Director*

AUDIT AND RISK MANAGEMENT COMMITTEE

Dato' Wira Zainuddin Bin Mahmud (*Chairman)*

Koay Then Hin

Foo Kee Fatt

REMUNERATION COMMITTEE

Datuk Abdul Jamil Bin Mohd Ali (*Chairman)*

Dato' Lim Chee Meng

Lai Kim Hean

NOMINATION COMMITTEE

Foo Kee Fatt (*Chairman)*

Dato' Lim Chee Meng

Koay Then Hin

SECRETARY

Fong Phoi Shan

AUDITORS

KPMG
1st Floor, Wisma Penang Garden,
42, Jalan Sultan Ahmad Shah,
10050 Penang.
Tel 04-227 2288
Fax 04-227 1888

SHARE REGISTRARS

Symphony Share Registrars
Sdn. Bhd.
55, Medan Ipoh 1A,
Medan Ipoh Bistari,
31400 Ipoh, Perak.
Tel 05-547 4833
Fax 05-547 4363

BANKERS

Malayan Banking Bhd.
United Overseas Bank (Malaysia) Bhd.
RHB Bank Bhd.
Standard Chartered Bank Malaysia Bhd.
Hong Leong Bank Bhd.

REGISTERED OFFICE

Suite 3A33, Block A2,
Leisure Commerce Square,
No. 9, Jalan PJS 8/9,
46150 Petaling Jaya, Selangor.
Tel 03-7877 2939
Fax 03-7877 6939

HEAD OFFICE

Lot 77 & 78, Persiaran 11,
Kawasan Perusahaan Bakar Arang,
08000 Sungai Petani,
Kedah Darul Aman.
Tel 04-422 7888
Fax 04-421 7888
Email cicb@cicb.com.my
Website www.cicb.com.my

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Second Board
Stock Code : 8052
Stock Name : CICB

PROFILE OF DIRECTORS

DATO' DR. ZABIR BIN BAJURI
DBA, DPMS, SSA, KMN, PPT
(Chairman, Independent Non-Executive Director)
Malaysian, 64 years of age

YBhg. Dato' Dr. Zabir Bin Bajuri was appointed to the Board of CICB on 4 February 2005. He graduated with a Bachelor of Economics (Hons) degree from University of Malaya in 1970 and obtained his Certificate of Commercial Banking from Manchester Business School, United Kingdom in 1978.

He began his career in 1970 as Assistant Economist at Bank Negara Malaysia and in 1971 was appointed Director of Housing & City Development at Penang Development Corporation.

In 1974, he was appointed Manager of Bumiputra Special Division at Bank Bumiputra Malaysia Berhad and in 1979, Chief Executive Officer of Credit Guarantee Corporation (M) Bhd.

He was appointed Group Managing Director of Kumpulan Perangsang Selangor Berhad (KPSB) from 1987 to 1995. From 1998 to 31 August 2004, he was the President of Kumpulan Darul Ehsan Berhad (KDEB) and Executive Chairman of Kumpulan Perangsang Selangor Berhad (KPSB).

Currently, he is the Executive Chairman of DZB Resources Sdn. Bhd. and Zetcom Sdn. Bhd. He is also a Director of Selangor Specialist Hospital Sdn. Bhd. and Koperasi Anak-Anak Selangor Berhad.

He has no shareholding in CICB.

DATUK ABDUL JAMIL BIN MOHD ALI
DPMT, PJN
(Non-Independent Non-Executive Director)
Malaysian, 66 years of age

YBhg. Datuk Abdul Jamil Bin Mohd Ali was appointed to the Board of CICB on 4 February 2005. He is the Chairman of the Remuneration Committee of the Company. He obtained a BSc (Hons) degree from University of Malaya in 1968. Subsequently in 1972, he gained a post-graduate MSc degree from University of Ghent, Belgium.

In 1995, he attended the Advanced Management Program at Harvard, USA. He retired from Government service in September 1999 holding the post of Director-General of Agriculture. He then joined Golden Hope Plantations Bhd as Agri-Business Consultant where he served for 5 years. He retired from the said post in February 2005.

He has no shareholding in CICB.

PROFILE OF DIRECTORS (continued)

DATO' WIRA ZAINUDDIN BIN MAHMUD
DGMK, DSDK, KMN, AMK, BCK
(Independent Non-Executive Director)
Malaysian, 65 years of age

YBhg. Dato' Wira Zainuddin Bin Mahmud was appointed to the Board of CICB on 26 May 2004. He is the Chairman of the Audit and Risk Management Committee of the Company. He holds a Higher School Certificate from the Royal Military College, Sungai Besi, Kuala Lumpur. In 1965 to 1966, he attended the Faculty of Agriculture, University of Malaya.

YBhg. Dato' Wira Zainuddin began his career as a State Administration Services Cadet with the Kedah Civil Service in 1966. From 1968 to 1995, he served in various positions in the Kedah Civil Service including serving as a District Officer of Yan, Kulim and Kota Star. He also served as the Private Secretary to the Sultan of Kedah in 1972, and as Kedah State Treasury (Bursar) from 1977 to 1981.

YBhg. Dato' Wira Zainuddin served as the Deputy State Secretary (Development)/Director and Kedah Economic Planning Unit from July 1996 until his retirement in 2000.

YBhg. Dato' Wira Zainuddin had also held leadership positions in numerous sports and recreational organizations in Kedah, amongst others as the Honorary Secretary of Kelab Kedah Darulaman, Vice President of Kedah Squash Association and Deputy President of Kedah Lawn Tennis Association and Kedah Civil Service Council for Welfare and Sports (MAKSAK).

He has no shareholding in CICB.

DATO' JOHAN BIN ARIFFIN
DPTJ
(Non-Independent Non-Executive Director)
Malaysian, 52 years of age

YBhg. Dato' Johan Ariffin was appointed to the Board of CICB on 4 February 2005.

He started his career in the real estate division of Citibank. Thereafter, he held various senior positions in several public listed companies as well as venturing into his own successful marketing and advertising consultancy and property development business. He then headed Danaharta's Property Division as Senior General Manager before moving on to head TTDI Development Sdn Bhd.

He is currently the Chairman of Mitraland Properties Sdn Bhd and a National Council Member of the Real Estate Housing Developers' Association Malaysia (REHDA), besides serving on the boards of Malayan Banking Berhad and several other companies.

He has no shareholding in CICB.

PROFILE OF DIRECTORS (continued)

DATO' LIM CHEE MENG
DSDK
(Non-Independent Non-Executive Director)
Malaysian, 38 years of age

YBhg. Dato' Lim Chee Meng was appointed to the Board of CICB on 4 September 2001. He is a member of the Remuneration and Nomination Committee of the Company. He holds a Bachelor in Civil Engineering (Hons) Degree from the University of Wales, United Kingdom. He presently sits on the boards of directors of various companies which are involved inter-alia in manufacturing, business development, infrastructure and utility projects and oversees the management of these companies. He is an Executive Deputy Chairman of Taliworks Corporation Berhad, another public listed company.

He has an indirect shareholding of 12,232,000 ordinary shares of RM1.00 each in CICB.

LAI KIM HEAN
(Managing Director)
Malaysian, 70 years of age

Mr. Lai Kim Hean was appointed to the Board of CICB on 4 July 1996. He is the Managing Director and a member of the Remuneration Committee of the Company. He holds a Master Of Science (MSc) degree in International Marketing from University of Strathclyde, Scotland and Diploma in Marketing from the Chartered Institute of Marketing, UK. He also attended overseas management courses in Ashridge Management College, UK and Asian Institute of Management, Manila.

Prior to his appointment as Director of CICB, he was the Managing Director of Hagemeyer Marketing Services Sdn. Bhd. from January 1992 to July 1996. He has considerable experience in marketing and general management and is a past Chairman of Institute of Marketing Malaysia (IMM). He is presently a Fellow Member of IMM, a Member of Malaysian Institute of Directors (MID) as well as Fellow Member of Malaysian Institute of Management (MIM). He is also a Director of the Company's wholly owned subsidiary, CIC Marketing Sdn. Bhd. He has served for over 18 years in the Malaysian Territorial Army (Malaysian Services Corps) and retired with the rank of Mejar.

He has a direct shareholding of 366,000 ordinary shares of RM1.00 each in CICB.

PROFILE OF DIRECTORS (continued)

LIM SHIAK LING
(Non-Independent Executive Director)
Malaysian, 39 years of age

Ms. Lim Shiak Ling was appointed to the Board of CICB on 24 November 2008. Prior to her appointment, she was the Alternate Director to YBhg. Dato' Lim Chee Meng from 4 September 2001 to 24 November 2008. She holds a Bachelor in Commerce degree from Curtin University of Technology Perth, Australia. She also sits on the boards of directors of several private companies and currently oversees the marketing and business development activities of these companies.

She has no shareholding in CICB.

KOAY THEN HIN
(Independent Non-Executive Director)
Malaysian, 65 years of age

Mr. Koay Then Hin joined the Company as a Mechanical Engineer in 1974. He was promoted to Production Manager in 1977, Factory Manager in 1981, General Manager in 1986 and Senior General Manager from January 1993 to July 2005. Subsequently, he acted as an Advisor of the Company from August 2005 to July 2006. He was appointed to the Board of CICB on 28 January 1993. He is a member of the Audit and Risk Management Committee and the Nomination Committee of the Company. He is also a Director of the Company's wholly owned subsidiary, CIC Marketing Sdn. Bhd.

He holds a Bachelor in Engineering Degree from National Taiwan University. He has more than 20 years of experience in industrial management.

He has no shareholding in CICB.

FOO KEE FATT
(Independent Non-Executive Director)
Malaysian, 45 years of age

Mr. Foo Kee Fatt was appointed to the Board of CICB on 26 May 2004. He is a member of the Audit and Risk Management Committee and the Chairman of the Nomination Committee of the Company. He is a member of The Malaysian Institute of Certified Public Accountant and Malaysian Institute of Accountants. He is also an approved company auditor under Section 8 of the Malaysian Companies Act 1965.

In 1987, he joined and served his articleship with one of the international accounting firms. From 1993 to 2006, he was with a local accounting firm with international affiliation. He is currently in public practice. He is also an Independent Non-Executive Director of Padini Holdings Berhad, another public listed company.

He has no shareholding in CICB.

PROFILE OF DIRECTORS (continued)

ADDITIONAL INFORMATION ON MEMBERS OF THE BOARD

- None of the Directors has any family relationship with any Director and/or major shareholder of the Company save and except for the following :-

  (i) YBhg. Dato' Lim Chee Meng is the brother to both Ms. Lim Shiak Ling, a director of the Company and Mr. Lim Chin Sean, a major shareholder of the Company by virtue of his deemed interest.

- As at to-date, there has been no occurrence of conflict of interest between any Member of the Board and the Company.

- None of the Board Members has been convicted of any offence within the past 10 years, other than traffic offences, if any.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of the Group for the Financial Year ended 31 December 2010.

FINANCIAL PERFORMANCE

For the year under review, the Group managed to register a consolidated profit after tax of RM2.304 million against RM0.884 million recorded in the previous year. The increase in profit was mainly due to increased sales, better margins as well as gain on disposal of property.

The consolidated overall sales increased by 5.5% against previous year from RM62.286 million to RM65.715 million. Export sales recorded in 2010 was RM28.723 million, 19.2% higher as compared to RM24.09 million in 2009. Domestic sales declined 3.14% to RM36.992 million from RM38.193 million in 2009.

The Company's wholly-owned subsidiary in Singapore, CICS Distributors Pte. Ltd. recorded a 10% increase in its revenue from RM6.604 million in year 2009 to RM7.262 million in this financial year under review.

OPERATIONAL REVIEW AND FUTURE OUTLOOK

The overall gross profit has increased marginally from 12.88% in 2009 to 13.78% in 2010. However, The Board envisages that it will be a challenging 2011 with rising raw material costs but nevertheless it is optimistic that the Group will generate better and higher profits as it has put in place measures for stricter cost control and savings, improvements to product quality, streamlining the supply chain and to continue focusing on further development of our export markets and customers. Our concerted effort to improve sales volume would help to drive the production capacity which in turn would help to reduce unit overhead costs. This increased efficiency will no doubt mitigate the rising raw material costs and help to make the Company more competitive.

DIVIDEND

Your Board of Directors is pleased to recommend a similar dividend rate of 1.5% less 25% income tax for the financial year ended 31 December 2010 subject to the approval of shareholders at the forthcoming Annual General Meeting. The dividend has been paid without any interruption since its listing in Bursa Securities in March 1989. The Board certainly hopes that this policy of dividend payment can be maintained and improved with better and higher profits generated.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to take this opportunity to extend my sincere thanks to our shareholders, valued customers, financiers, suppliers and business associates for their continued confidence and support.

I also wish to take this opportunity to thank my fellow Board of Directors, Management and Staff for their loyalty, commitment, dedication and valuable contributions to enable the company to achieve another successful year.

The Board looks forward to your continuous support and cooperation for the new financial year.

DATO' DR. ZABIR BIN BAJURI
DBA, DPMS, SSA, KMN, PPT
Chairman

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan Kumpulan Syarikat dan Penyata Kewangan yang diaudit bagi Tahun Kewangan berakhir 31 Disember 2010.

PRESTASI KEWANGAN SYARIKAT

Dalam tahun di bawah kajian, kumpulan Syarikat berjaya mencatatkan keuntungan disatukan selepas cukai berjumlah RM2.304 juta berbanding dengan RM0.884 juta yang direkodkan pada tahun sebelumnya. Peningkatan dalam keuntungan adalah disebabkan terutamanya oleh peningkatan dalam jualan, margin keuntungan yang lebih baik serta keuntungan daripada pelupusan harta.

Jualan keseluruhan yang disatukan telah meningkat sebanyak 5.5% jika dibandingkan dengan tahun sebelumnya daripada RM62.286 juta kepada RM65.715 juta. Jualan ekspot yang direkodkan dalam tahun 2010 adalah RM28.723 juta, 19.2% lebih tinggi jika dibandingkan dengan RM24.09 juta dalam tahun 2009. Jualan domestik telah merosot sebanyak 3.14% kepada RM36.992 juta daripada RM38.193 juta dalam tahun 2009.

Subsidiari milik penuh Syarikat di Singapura, CICS Distributors Pte. Ltd. telah merekodkan peningkatan dalam pendapatan sebanyak 10% daripada RM6.604 juta dalam tahun 2009 kepada RM7.262 juta pada tahun kewangan yang dikaji ini.

ULASAN OPERASI DAN TINJAUAN MASA DEPAN

Keuntungan kasar keseluruhan telah bertambah secara marginal daripada 12.88% dalam 2009 kepada 13.78% dalam 2010. Walau bagaimanapun, Lembaga Pengarah Syarikat menjangka bahawa tahun 2011 akan lebih mencabar dengan kenaikan kos-kos bahan mentah tetapi walaupun demikian ia masih optimistik bahawa kumpulan Syarikat akan menjana keuntungan yang lebih baik dan tinggi hasil dari langkah-langkah pengawalan dan penjimatan kos yang lebih ketat, penambahbaikan kualiti produk, memperkemaskan rantaian bekalannya dan perhatian yang berterusan dalam perkembangan pasaran ekspot dan pelanggan-pelanggan kami. Usaha bersepadu kami untuk meningkatkan jumlah jualan akan membantu mendorong kapasiti pengeluaran yang akan membantu untuk mengurangkan unit kos overhed. Peningkatan kecekapan ini akan mengurangkan kenaikan kos-kos bahan mentah dan membantu menjadikan Syarikat lebih berdayasaing.

DIVIDEN

Lembaga Pengarah Syarikat anda sekalian dengan sukacitanya mengesyorkan kadar dividen yang sama iaitu 1.5% tolak cukai pendapatan sebanyak 25% bagi tahun kewangan berakhir 31 Disember 2010 tertakluk kepada kelulusan para pemegang saham pada Mesyuarat Agung Tahunan akan datang. Dividen telah dibayar tanpa sebarang gangguan sejak penyenaraiannya di Bursa Securities pada Mac 1989. Lembaga Pengarah Syarikat memang berharap polisi pembayaran dividen ini dapat dikekalkan dan bertambah baik dengan keuntungan yang lebih baik dan tinggi yang dijanakan.

PENYATA PENGERUSI (continued)

PENGHARGAAN

Bagi pihak Lembaga Pengarah Syarikat, saya ingin mengambil kesempatan ini untuk menyampaikan ucapan terima kasih saya yang ikhlas kepada pemegang-pemegang saham, pelanggan-pelanggan yang dihargai, institusi-institusi kewangan, pembekal-pembekal dan rakan-rakan peniagaan atas keyakinan dan sokongan yang berterusan mereka.

Saya juga ingin mengambil kesempatan ini untuk mengucapkan terima kasih kepada ahli-ahli Lembaga Pengarah, pihak pengurusan dan kakitangan-kakitangan atas kesetiaan, komitmen, dedikasi dan sumbangan berharga mereka yang membolehkan Syarikat mencapai satu lagi tahun yang berjaya.

Lembaga Pengarah Syarikat memandang ke hadapan sokongan dan kerjasama anda yang berterusan pada tahun kewangan baru ini.

DATO' DR. ZABIR BIN BAJURI
DBA, DPMS, SSA, KMN, PPT
Pengerusi

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

MEMBERS

Dato' Wira Zainuddin Bin Mahmud *(Chairman, Independent Non-Executive Director)*
Mr. Foo Kee Fatt *(Independent Non-Executive Director)*
Mr. Koay Then Hin *(Independent Non-Executive Director)*

TERMS OF REFERENCE

Membership

The Audit and Risk Management Committee shall be appointed by the Board of Directors from amongst their number and shall be composed of not fewer than 3 members. All the members of the Committee must be non-executive directors, with a majority of them being independent directors. Alternate Directors must not be appointed as members of the Committee. All members of the Committee shall be financially literate and at least one of the members of the Committee :-

(i) must be a member of the Malaysian Institute of Accountants (MIA); or
(ii) if he is not a member of MIA
  (a) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 and have at least three (3) years working experience; or
  (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967 and have at least three (3) years working experience; or
(iii) fulfills such other requirements as prescribed or approved by Bursa Securities.

The members of the Committee shall elect a Chairman from amongst their number who shall be an independent director. The Chairman elected shall be subject to endorsement by the Board. If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

Notice of Meeting and Attendance

The agenda for Audit and Risk Management Committee meetings shall be circulated before each meeting to members of the Committee. The quorum for meetings of the Committee shall be 2 members with the majority of members present being independent directors.

The Committee may require the external and/or internal auditors and any official of the Company to attend any of its meetings as it determines. The external auditors shall have the right to appear and be heard at any meeting of the Audit and Risk Management Committee and shall appear before the Committee when required to do so by the Committee.

The head of finance, the head of internal audit and a representative of the internal or external auditors shall normally attend meetings. Other Board members may attend meetings upon the invitation of the Committee. The Committee shall meet with the external auditors without executive board members present at least twice a year.

The Company Secretary of the Company shall be the Secretary of the Committee.

Frequency of Meetings

Meetings of the Audit and Risk Management Committee shall be held not less than four times a year. Upon request of any of its members, the internal or external auditors, the Chairman of the Audit and Risk Management Committee shall convene a meeting of the Committee.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (continued)

Authority

In carry out their duties and responsibilities, the Audit and Risk Management Committee shall :-

(a) have the authority to investigate any matters within its terms of reference;
(b) have the resources which are required to perform its duties;
(c) have full and unrestricted access to any information pertaining to the Group;
(d) have direct communication channels with the External and Internal Auditors, as well as employees of the Group;
(e) be able to obtain independent professional or other advice if it deems necessary; and
(f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Duties

The duties of the Committee shall be :-

1. To review with the external auditors :-

    - the audit plan;
    - the evaluation of the system of internal accounting controls;
    - problems and reservation arising from their audits; and
    - the audit report on the financial statements.

2. To review the assistance given by the employees of the Company to the external and internal auditors;

3. To review the external auditors' management letter and management response;

4. To review the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on :-

    (a) Changes in or implementation of major accounting policy changes;
    (b) Significant and unusual events;
    (c) Significant adjustments arising from audit;
    (d) The going concern assumption; and
    (e) Compliance with accounting standards and other legal requirements.

5. To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

6. To review the internal audit programme, processes, results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken regarding the recommendations of the internal audit function;

7. To review any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

8. To consider the nomination/appointment, remuneration and resignation or dismissal of the auditors;

9. To request the auditors to look into the following specific areas, if necessary :-

    (a) to determine any misuse of funds;
    (b) to determine whether the capital expenditure is approved in accordance with the Company's guidelines;
    (c) to determine whether common expenses are fairly apportioned to the Company.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (continued)

10. To review the risk profile of the Company and establish risk management processes that should be adopted and develop appropriate strategy, guidelines and policies for implementation;

11. To verify that the allocation of options during the year pursuant to Employees' Share Option Scheme complies with the criteria of allocation;

12. To promptly report to Bursa Securities if it is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in breach of the Listing Requirements;

13. To review such other functions as may be agreed to by the Committee and the Board of Directors from time to time.

Reporting Procedures

The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Board.

DETAILS OF ATTENDANCE AT AUDIT AND RISK MANAGEMENT COMMITTEE MEETINGS

There were Five (5) Audit and Risk Management Committee meetings held during the financial year ended 31 December 2010. Details of the attendance of Audit and Risk Management Committee members at the meetings are as follows :

Name	Total Meetings Attendance
Dato' Wira Zainuddin Bin Mahmud	4/5 meetings
Foo Kee Fatt	5/5 meetings
Koay Then Hin	5/5 meetings

SUMMARY OF ACTIVITIES OF THE COMMITTEE DURING THE YEAR

The activities carried out by the Audit and Risk Management Committee during the financial year under review were as follows :-

(a) Reviewed with the external auditors on the audit plan and the audit report on the financial statements;

(b) Reviewed the quarterly financial results for each quarter of the Company and the Group prior to the Board of Directors' approval and announcement to Bursa Securities, focusing particularly on :

- the overall performance of the Company;
- the prospects for the Group;
- compliance with accounting standards and other legal requirements;
- changes in or implementation of major accounting policy changes;
- significant and unusual events;
- significant adjustments arising from audit.

(c) Reviewed the annual budget and year-end financial statements.

(d) Reviewed the proposed audit plan to be undertaken by the Internal Auditors and reviewed the report of the internal auditors.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (continued)

INTERNAL AUDIT FUNCTION

The Audit and Risk Management Committee shall oversee all internal audit function and is authorised to commission investigations to be conducted by the internal auditors, as it deems fit. The responsibilities of the internal audit function, which report directly to the Committee, include the provision of reasonable assurance to all levels of management concerning the overall control over assets and the effectiveness of the system of the internal control in achieving the Company's overall objectives.

The Company has outsourced the internal audit function to Messrs. UHY. During the financial year, the Internal Auditors carried out a total of four (4) audit assignments on the Company and its subsidiaries in accordance with the audit plan. The Internal Auditors had updated the principal risk faced, or potentially exposed by the Company and its subsidiaries.

For the financial year 2010, the total cost incurred for the internal audit function was RM44,595.00

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") of Central Industrial Corporation Berhad (the "Company") fully appreciates the importance of adopting high standards of corporate governance within the Group, comprising the Company and its subsidiaries. The Board views corporate governance as synonymous with three key concepts, namely transparency, accountability and integrity.

The Board evaluates the status of the Group's corporate governance practices with a view to adopt and apply, where practicable, the Principles and Best Practices stated in Parts 1 and 2 of the Malaysian Code on Corporate Governance (the "Code") respectively. As such, the Board is fully committed to the maintenance of high standards of corporate governance in its quest to enhance shareholder value.

PRINCIPLES STATEMENT

The following statement sets out how the Group has applied the Principles of the Code and how the Board has complied with the Best Practices set out in the Code for the financial year under review.

A. BOARD OF DIRECTORS

Board duties and responsibilities

The Board acknowledges its role in the stewardship of the Group's direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for Management and monitoring the achievement of these goals. Although it does not have a formal schedule of matters reserved to it for decision, the Board is normally involved in deciding the overall Group strategy and direction, acquisition and divestment policy, approval of capital expenditure, consideration of significant financial matters and the review of financial and operating performance of the Group.

The Board delegates the day-to-day operations of the Group to the Managing Director and Executive Director, who have vast experience in the business of the Group.

Meetings

The Board is scheduled to meet at least six (6) times a year, with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year ended 31 December 2010, the Board met on six (6) occasions, where it deliberated upon and considered a variety of matters including the Group's financial results, strategic decisions and the direction of the Group.

The attendances of the Directors during the financial year are as follows:

	No. of meetings	
	Held	**Attended**
Name of directors		
Dato' Dr. Zabir Bin Bajuri	6	5
Datuk Abdul Jamil Bin Mohd Ali	6	6
Dato' Wira Zainuddin Bin Mahmud	6	5
Dato' Johan Bin Ariffin	6	6
Dato' Lim Chee Meng	6	3
Lai Kim Hean	6	6
Koay Then Hin	6	6
Foo Kee Fatt	6	6
Lim Shiak Ling	6	5

STATEMENT ON CORPORATE GOVERNANCE (continued)

A. BOARD OF DIRECTORS (continued)

Meetings (continued)

All Directors are furnished with an agenda and documents on matters requiring their consideration in advance of each Board meeting. The Chairman, with the assistance of the Company Secretary, undertakes the primary responsibility for organising information necessary for the Board to deal with the agenda and for providing this information to the Directors on a timely basis. During the meetings, the Board is briefed on matters dealt with in the agenda and, where appropriate, additional information is made available to Directors. All proceedings of Board meetings are duly recorded and the minutes thereof signed by the Chairman of the Board.

Board Committees

The Board of Directors delegates certain responsibilities to Board Committees, namely an Audit and Risk Management Committee, a Nomination Committee, a Remuneration Committee and an Employees' Share Option Scheme ("ESOS") Committee in order to enhance business and operational efficiency as well as efficacy. The ESOS Committee was established to administer the Company's ESOS in accordance with the by-laws thereof to determine, amongst others, participation eligibility, option offers and share allocations.

All Board Committees have written terms of reference and the Board receives reports of their proceedings and deliberations, where relevant. The Chairman of various Committees reports to the Board the outcome of the Committee meetings.

Board balance

At the date of this statement, the Board consists of nine (9) members; comprising two (2) Executive Directors, three (3) Non-Executive Directors and four (4) Independent Non-Executive Directors. A brief profile of each Director is presented on pages 7 to 11 of the Annual Report.

The concept of independence adopted by the Board is in tandem with the definition of an independent Director in Section 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The key elements for fulfilling the criteria are the appointment of Directors who are not members of Management and who are free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. The Board complies with paragraph 15.02 of the Listing Requirements, which requires that at least two (2) Directors or one-third of the Board of the Company, whichever is the higher, are independent Directors.

The Directors, with their different backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, legal, marketing and operations.

The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business and corporate strategies. The presence of independent Non-Executive Directors in the Board is essential as they provide an unbiased and independent view, advice and judgement to the decision-making of the Board and provide an appropriate check and balance for the Executive Directors, thereby ensuring that no one individual or group dominates the Board's decision-making process.

Together with the Executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who have a proper understanding of and competence to deal with, current and emerging business issues.

There is a clear division of responsibilities at the head of the Company to ensure a balance of authority and power. The Board is led by Dato' Dr. Zabir Bin Bajuri, an independent non-executive Chairman while the executive management of the Company is led by Mr. Lai Kim Hean, the Managing Director.

STATEMENT ON CORPORATE GOVERNANCE (continued)

A. BOARD OF DIRECTORS (continued)

Board Balance (continued)

Although the role of the Chairman is not defined with his position responsibilities, the Chairman in practice is responsible for running the Board and ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board decisions.

The Managing Director is responsible for the day-to-day management of the business as well as the implementation of Board's policies and decisions.

The Board is satisfied that the current Board composition fairly reflects the interests of minority shareholders in the Company.

The Board has also appointed Dato' Wira Zainuddin Bin Mahmud as the Senior Independent Non-Executive Director to whom concerns pertaining to the Group may be conveyed by the shareholders and public.

Supply of information

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. As such, all Directors have unrestricted access to any information pertaining to the Group.

The Chairman, with the assistance of the Company Secretary, ensures that all Directors have full and timely access to information with Board papers distributed in advance of Board meetings. This ensures that Directors have sufficient time to understand and appreciate issues deliberated at the Board meeting and expedites the decision-making process.

Every Director also has unhindered access to the advice and services of the Company Secretary. The Board believes that the current Company Secretary is capable of carrying out her duties to ensure the effective functioning of the Board. The Articles of Association specify that the removal of the Company Secretary is a matter for the Board as a whole.

Before meetings of the Board and Board Committees, appropriate documents, which include the agenda and reports relevant to the issues to be deliberated at the meetings covering the areas of financial, operational and regulatory compliance matters, are circulated to all Directors, to enable them to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

The Directors meet, review and approve all corporate announcements, including the announcement of quarterly financial results, before releasing them to Bursa Securities.

The Board as a whole will determine, whether as a full board or in their individual capacity, to take independent professional advice, where necessary and under appropriate circumstances, in furtherance of their duties, at the Group's expense. However, where necessary and under appropriate circumstances in furtherance of his duties, any Director may do so with the prior consent and approval of the Chairman.

Appointments to the Board

Nomination Committee

The Nomination Committee comprises the following members :

- Mr. Foo Kee Fatt — Chairman, Independent Non-Executive Director
- Dato' Lim Chee Meng — Member, Non-Independent Non-Executive Director
- Mr. Koay Then Hin — Member, Independent Non-Executive Director

STATEMENT ON CORPORATE GOVERNANCE (continued)

A. BOARD OF DIRECTORS (continued)

Appointments to the Board (continued)

Nomination Committee (continued)

The Committee consists entirely of Non-Executive Directors, a majority of whom are independent in accordance with Best Practices of the Code.

The Nomination Committee is empowered by the Board and its terms of reference to bring to the Board recommendations on the appointment of new Directors. The Committee is to systematically keep under review the effectiveness of the Board and Board Committees as a whole and for assessing the contribution of each individual Director in discharging his duties. The Nomination Committee is also empowered to seek professional advice within or outside the Group as it considers necessary in the discharge of its responsibilities.

The Committee shall meet at least once a year and as and when it is necessary, and at least once every year in carrying out an annual review of the Board, its Committees and the contribution of individual Directors to the Company.

The Committee met once during the financial year to review the size and composition of the Board as well as performance of the other Board Committees. The Committee had also discussed and deliberated on the contributions of the Board and other Committees with the respective members of the Nomination Committee abstaining from the process.

The Company Secretary will ensure that all necessary information is obtained and that all legal and regulatory obligations are met before appointments of new Directors are made.

Directors' training

The Board, through the Nomination Committee, ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfil the duties of a Director appropriately. As at the date of this Statement, all Directors have attended and successfully completed the Mandatory Accreditation Programme as required by Bursa Securities. The Directors continue to undergo the continuous education program to enhance their skills and knowledge, where relevant.

Among the training programmes and seminars attended by the Directors during the year are as follows :-

- Corporate Social Responsibility (CSR) Training – Dato' Lim Chee Meng & Lim Shiak Ling
- Making sense of the Auditors Report and its impact – Datuk Abdul Jamil Bin Mohd Ali
- Board Effectiveness : Redefining The Roles & Functions of An Independent Director – Dato' Wira Zainuddin Bin Mahmud & Dato' Dr Zabir Bin Bajuri
- What every Director should know about fraud: A new approach towards the prevention and detection of fraud – Dato' Johan Bin Ariffin
- Understanding Blue Ocean Implementation Best Practices – Koay Then Hin
- 1 Malaysia New Economic Model – Lai Kim Hean
- IFRS 9 & Updates on Accounting for Financial Instruments – Foo Kee Fatt
- Financial Instruments : Recognition, Measurement, Presentation & Disclosures – Foo Kee Fatt

Re-election

In accordance with the provisions of the Articles of Association of the Company, one-third of the Directors for the time being or, if their number is not a multiple of three (3), then the number nearest to one-third shall retire from office at the Annual General Meeting ("AGM"). All the Directors shall retire from office once at least in each three years and shall be eligible for re-election.

To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholdings in the Group of each Director standing for election are furnished in the statement accompanying notice of the Annual General Meeting and this statement.

In accordance with Section 129(6) of the Companies Act, 1965, Directors who are over seventy (70) years of age are required to submit themselves for re-appointment on an annual basis.

STATEMENT ON CORPORATE GOVERNANCE (continued)

B. DIRECTORS' REMUNERATION

Remuneration Committee

The Remuneration Committee comprises the following members:

- Datuk Abdul Jamil Bin Mohd Ali — Chairman, Non-Independent Non-Executive Director
- Dato' Lim Chee Meng — Member, Non-Independent Non-Executive Director
- Mr. Lai Kim Hean — Member, Non-Independent Executive Director

The Committee consists mainly of Non-Executive Directors. The Remuneration Committee is responsible for recommending and putting in place a structured remuneration framework for Executive Directors.

The determination of remuneration packages of Non-Executive Directors shall be a matter for the Board as a whole, with individual Directors abstaining from decisions in respect of their individual remuneration. During the financial year, the Remuneration Committee met once to review the bonuses and increments of the Executive Directors.

The policy adopted by the Committee on Directors' remuneration is to structure remuneration packages necessary to attract, retain and motivate Directors to effectively manage the business of the Group.

Details of the Directors' remuneration

Details of the nature and amount of each major element of the remuneration of Directors of the Company during the financial year ended 31 December 2010, are as follows:

Directors	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Fees	20,000	126,000	146,000
Salary and bonus	466,345	-	466,345
Benefits-in-kind	13,150	-	13,150
EPF contribution	59,172	-	59,172
Total	**558,667**	**126,000**	**684,667**

The remuneration paid/payable to Directors, analysed into bands of RM50,000 each for the financial year ended 31 December 2010, is summarised as follows:

	Number of Directors	
Range of remuneration	**Executive**	**Non-Executive**
Below RM50,000	-	7
RM50,001 – RM100,000	-	-
RM100,001 – RM150,000	1	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	1	-

STATEMENT ON CORPORATE GOVERNANCE (continued)

C. SHAREHOLDERS

The Company recognises the importance of accountability to its shareholders and investors through proper communication. The Board acknowledges that shareholders should be informed of all material business matters which influence the Group. Timely release of quarterly financial results to Bursa Securities and other information and corporate actions taken by the Group that warrant an announcement to Bursa Securities under the Listing Requirements of Bursa Securities provide shareholders with a current overview of the Group's performance.

Whilst the Annual Report provides a comprehensive source of information on the Group's financial and operational performance, the AGM and Extraordinary General Meetings provide a platform for shareholders to seek more information and clarification on the audited financial statements, operational issues and other matters of interest. The Directors readily avail themselves to answer any such questions that may arise as shareholders may seek more information than what is available in the Annual Report and/or circulars. The Company's practice is to send out the notice of AGM and related papers to shareholders at least twenty-one (21) working days before the meeting.

In addition, the Board and Management welcome any form of visit by fund managers and analysts and conduct regular briefings to them as the Board believes that this will give investors and interested parties on one hand, a better appreciation and understanding of the Group's performance and on the other, awareness of the expectations and concerns of investors and such interested parties. Besides, the Company also maintains an official web site at www.cicb.com.my that provides background information of the Group to the public. However, in any circumstances, while the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. However, in any of the circumstances, the Directors are cautious not to provide undisclosed material information about the Group and frequently stress the importance of timely and equal dissemination of information to shareholders and stakeholders.

D. ACCOUNTABILITY AND AUDIT

Financial reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to Bursa Securities as well as the Chairman's statement and review of operations in the Annual Report. The Board is assisted by the Audit and Risk Management Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and the results of their operations and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

STATEMENT ON CORPORATE GOVERNANCE (continued)

D. ACCOUNTABILITY AND AUDIT (continued)

State of internal controls

The Statement on Internal Control furnished on pages 27 to 28 of the Annual Report, provides an overview on the state of internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit and Risk Management Committee with the internal and external auditors are included in the Audit and Risk Committee's terms of reference as detailed on pages 15 to 18 of the Annual Report.

A summary of the activities of the Audit and Risk Management Committee during the financial year are set out in the Audit and Risk Management Committee Report on page 17 of the Annual Report.

OTHER INFORMATION

- **Utilisation Of Proceeds**
  The Company did not raise any funds through any corporate proposal during the financial year under review.

- **Share Buy-Back**
  The Company has not undertaken any share buy-back exercise during the financial year under review.

- **Options, Warrants Or Convertible Securities**
  During the financial year ended 31 December 2010, the Company did not issue any options, warrants or convertible securities save for the share options disclosed below:-

		No. of options over ordinary shares of RM1 each			
Date of offer	Exercise price RM	At 1.1.2010	Granted	(Lapsed)	At 31.12.2010
23.3.2006	1.00	1,338,000	-	48,000	1,290,000

- **American Depository Receipt (ADR) Or Global Depository Receipt (GDR)**
  The Company did not sponsor any ADR or GDR programme.

- **Sanctions And/Or Penalties**
  There were no sanctions and/or penalties imposed on the Company and/or its subsidiaries, Directors or management by any regulatory bodies during the financial year under review.

- **Non-audit Fees**
  The amount of non-audit fees paid to the external auditors during the financial year ended 31 December 2010 was RM41,660.00.

- **Profit Guarantee**
  There was no profit guarantee given by the Company for the financial year ended 31 December 2010.

STATEMENT ON CORPORATE GOVERNANCE (continued)

OTHER INFORMATION (continued)

- **Variation In Results**
  There was no material variances between the audited results for the financial year ended 31 December 2010 and the unaudited results previously announced.

- **Material Contracts**
  There were no material contracts entered into by the Company and/or its subsidiaries involving the Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2010 or since the end of the previous financial year.

- **Revaluation Policy**
  The Company did not adopt any revaluation policy on landed properties during the financial year under review.

STATEMENT ABOUT THE STATE OF INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) Listing Requirements of Bursa Securities, the Board of Directors of Central Industrial Corporation Berhad is pleased to provide the following statement on the state of internal control of the Group, which has been prepared in accordance with the Statement on Internal Control : Guidance for Directors of Public Listed Companies ('Internal Control Guidance') issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities.

RESPONSIBILITY FOR RISK AND INTERNAL CONTROL

The Board recognises the importance of risk management and risk-based internal audit to establish and maintain a sound system of internal control. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. Because of the limitations that are inherent in any systems of internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of the annual report.

RISK MANAGEMENT

The Board and management practice proactive significant risks identification in the processes and activities of the Group, particularly any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a level acceptable to the Board.

INTERNAL AUDIT

The Board acknowledges the importance of internal audit function and has engaged the services of an independent professional accounting and consulting firm, Messrs UHY to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Audit and Risk Management Committee. The audit focuses on areas with high risk and inadequate controls to ensure that an adequate action plan has in place to improve the controls. For those areas with high risk and adequate controls, the audit ascertains that the risks are effectively mitigated by the controls. On a quarterly basis or earlier as appropriate, the internal auditors report to the Audit and Risk Management Committee on areas for improvement and will subsequently follow up to determine the extent of their recommendations that have been implemented.

STATEMENT ABOUT THE STATE OF INTERNAL CONTROL (continued)

INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control :

- An organization structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of documented internal policies and procedures which is subject to regular review and improvement;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary;
- Regular visits to operating units by members of the Board and senior management; and
- Adherence to health, safety, environmental and quality standards of the Group as enforced by the regulatory authorities.

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

The Board continues to review and implement measures to strengthen the internal control environment of the Group. Where areas of improvement in the system are identified, the Board considers the recommendations made by both the Audit and Risk Management Committee and Management.

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

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY

The Company has undertaken the following initiatives as an integral parts of its business operations and practices by contributing to the welfare of its employees, stakeholders, the general public and the environment it operates :-

Employees' Welfare

In today's competitive environment, the most important contribution to the Company's growth is its employees. As part of our corporate social responsibility ("CSR"), the Company has initiated the following activities to promote the welfare of all our employees :-

(i) Safety & Health Team

The Company has its in-house Occupational Safety & Health Committee which meet at least once quarterly to discuss on the safety and health related issues concerning the employees, plant & equipment and also the working environment. The Committee shall continue to improve the Company's safety & health performance by proactively providing awareness and programs for our employees in relation to a safe workplace.

(ii) Human Capital Development

The Company believes that its human capital forms the backbone of the organisation. The Group human resource's solution is thus very closely aligned to its business priorities as the Group recognises the symbiosis between an organisation and its human capital. The Company recognises that by aligning its growth strategy to external changes and mobilising its people to act quickly and vigorously in response to these changes is critical to the Group's continued growth. The Company has a policy of providing training for all level of staff. The Group contributes to Human Resource Development Fund and is committed to the development and training of the employees to enhance their skill and competencies.

(iii) Employees' Share Option Scheme

We are providing opportunity to the employees to share the success of the Company through the granting of options under an Employees' Share Option Scheme.

(iv) Public Liability Insurance

The Company has insured the public from the risk arising from its operation with a Public Liability Insurance of up to a total of RM1,000,000.00.

(v) Emergency Response Team

An Emergency Response Team (ERT) is formed to assist the Management and employees during any emergencies to ensure that all the employees are aware of their own safety during fire and that the Company's properties and materials are well protected from any accident or mishap.

We think that our employees are behind the success of the Company and they remain our long term valuable assets in ensuring the Company's long term sustainability.

Environmental Awareness

The Company is committed to prevent pollution through environmental controls, minimization of wastes and efficient use of all the energy. The Company has engaged competent consultants to conduct Air Emission/Pollution Monitoring and Noise Monitor to ensure that our operations meet the requirements set by the various authorities. The Company has its environment team to promote environmental awareness and in the conservation of the environment. The environment team will continue to play an active part in providing awareness to our employees and education in environment CSR. In addition, we also communicate to our customers, suppliers, contractors, shareholders and the public on our commitment to environmental protection and conservation.

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY (continued)

Environmental Awareness (continued)

With the CSR Charter in mind, we are committed to preserve pollution through minimization of waste. We are obliged to ensure that our operations do not degrade the environment. The Company has over the years undertaken its fair share to conserve the environment including :-

(i) Solvent Recovery

The Company has invested approximately RM2.0 million on a gigantic solvent recovery plant to recover the solvent from the tape coating process. It was a cost-effective method as it reduces the actual consumption of solvent greatly. A mini solvent recovery device was also purchased to recover the solvent used for machine cleaning.

(ii) Scheduled Waste Management

All scheduled waste will be packed according to the requirements of Department of Environment and Kualiti Alam and transported to waste management plant of Kualiti Alam at Bukit Nenas.

(iii) Non-Scheduled Waste Management

All non-scheduled waste will be disposed by licensed contractor at industrial waste dump site.

(iv) Chemical Health Risk Assessment

As various chemicals are used in our production process, we have engaged a registered Chemical Health Risk Assessor to carry out the assessment.

Our effort in undertaking the protection of our environment is part of our commitment to maintain our standard towards environmental control.

Contribution to the Community

(i) Industrial Training

The Company has provided industrial training (for a period of 3 to 6 months, with allowance provided) to undergraduates studying at local higher education as opportunities for these undergraduates to experience the operations and productions of the Company.

(ii) Charitable Contributions

We have during the year contributed to the local community and charitable organizations with the cash donation and would continue to support the needy and the underprivileged.

Our efforts in undertaking CSR are part of our commitment and mission in managing our business responsibility towards ensuring all the shareholders have benefited in one way or another.

We continue to play our part as a responsible corporate citizen and discharging our social responsibilities through active participation in all the CSR programs.

FINANCIAL STATEMENTS

DIRECTORS' REPORT
for the year ended 31 December 2010

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

Principal activities

The Company is principally engaged in the manufacture and sale of self-adhesive label stocks and tapes of its own brand, and trading of other self-adhesive label stocks and tapes.

The principal activities of the subsidiaries are stated in the Note 6 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit for the year attributable to owners of the Company	2,303,716	2,155,696

Reserves and provisions

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

Dividend

Since the end of the previous financial year, the Company paid a final dividend of 1.50% per ordinary share less 25% tax totalling RM515,253 in respect of the financial year ended 31 December 2009 on 13 September 2010.

The Directors recommend a final dividend of 1.50% per ordinary share less 25% tax totalling RM515,025 in respect of the financial year ended 31 December 2010 subject to shareholders' approval at the forthcoming Annual General Meeting.

Directors of the Company

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

Dato' Dr. Zabir Bin Bajuri
Dato' Wira Zainuddin Bin Mahmud
Datuk Abdul Jamil Bin Mohd. Ali
Dato' Johan Bin Ariffin
Dato' Lim Chee Meng
Lai Kim Hean
Koay Then Hin
Foo Kee Fatt
Lim Shiak Ling

DIRECTORS' REPORT
for the year ended 31 December 2010 (continued)

Directors' interest in shares

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

	Number of ordinary shares of RM1 each			
	Balance at 1.1.2010	Bought	(Sold)	Balance at 31.12.2010
Interest in the Company :				
Lai Kim Hean - own	349,000	7,000	-	356,000
Deemed interest in the Company :				
Dato' Lim Chee Meng - own	12,232,000	-	-	12,232,000

		Number of options over ordinary shares of RM1 each			
	Exercise price RM	Balance at 1.1.2010	Granted	(Exercised)	Balance at 31.12.2010
Lai Kim Hean	1.00	134,000	-	-	134,000
Lim Shiak Ling	1.00	47,000	-	-	47,000

By virtue of his interests in the shares of the Company, Dato' Lim Chee Meng is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Central Industrial Corporation Berhad has an interest.

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

Directors' benefits

Since the end of the previous financial year, no Director has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of the Employees' Share Option Scheme ("ESOS").

Issue of shares and debentures

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

DIRECTORS' REPORT
for the year ended 31 December 2010 (continued)

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the ESOS as detailed below :

The Company's ESOS was approved by the shareholders at the Extraordinary General Meeting on 6 August 2003. The scheme was effective for a period of five (5) years commencing on 23 March 2004 and had expired on 22 March 2009 ("Option Period"). During the last financial year, the Board of Directors decided to extend the ESOS period for up to a maximum period of an additional five (5) years, commencing on 23 March 2009 and expiring on 22 March 2014 based on terms and conditions as set out in the ESOS bye-laws upon recommendation from the ESOS Committee.

The salient features of the Scheme are summarised below :

i) The total number of shares to be offered under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the Scheme;

ii) Eligible employees are employees of the Group that have been confirmed on the date of offer and with at least one (1) year of continuous service;

iii) The option price shall be the higher of the following :

   a) at a discount of not more than ten percent (10%) from the weighted average market prices of the ordinary shares of RM1.00 each in the Company as shown in the daily official list issued by the Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of offer; or
   b) the par value of the ordinary shares in the Company; and

iv) The options granted to eligible employees shall automatically lapse when they are no longer in employment of the Group.

The options offered to take up unissued ordinary shares of RM1 each and the option price are as follows :

		Number of options over ordinary shares of RM1 each			
Date of offer	**Exercise price RM**	**At 1.1.2010**	**Granted**	**(Lapsed)**	**At 31.12.2010**
23 March 2006	1.00	1,338,000	-	(48,000)	1,290,000

The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

Other statutory information

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

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

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

DIRECTORS' REPORT
for the year ended 31 December 2010 (continued)

Other statutory information (continued)

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

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

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

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

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

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

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

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

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

In the opinion of the Directors, except for the gain on disposal of investment properties as disclosed in the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2010 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant event during the year

Details of such significant event during the year are disclosed in Note 29 to the financial statements.

Auditors

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

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

……………………………………..
Lai Kim Hean

……………………………………..
Koay Then Hin

Penang,
Date : 21 April 2011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2010

	Note	2010 RM	2009 RM
Assets			
Property, plant and equipment	3	20,851,152	21,108,251
Investment properties	4	2,095,350	4,364,105
Prepaid lease payments	5	1,797,992	2,009,644
Total non-current assets		24,744,494	27,482,000
Trade and other receivables, including derivatives	7	14,482,584	14,851,699
Inventories	8	31,304,161	26,054,770
Current tax assets		87,482	83,107
Cash and bank balances		1,478,055	2,546,269
Total current assets		47,352,282	43,535,845
Total assets		72,096,776	71,017,845
Equity			
Share capital	9	45,780,000	45,780,000
Reserves	10	15,848,372	14,064,609
Total equity		61,628,372	59,844,609
Liabilities			
Employee benefits	11	1,479,396	1,468,809
Deferred tax liabilities	12	159,690	8,473
Total non-current liabilities		1,639,086	1,477,282
Trade and other payables	13	3,341,279	3,281,619
Borrowings	14	5,463,230	6,344,000
Current tax liabilities		24,809	70,335
Total current liabilities		8,829,318	9,695,954
Total liabilities		10,468,404	11,173,236
Total equity and liabilities		72,096,776	71,017,845

The notes on pages 46 to 89 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2010

	Note	2010 RM	2009 RM
Continuing operations			
Revenue	15	65,714,795	62,286,513
Cost of sales		(56,659,815)	(54,264,908)
Gross profit		9,054,980	8,021,605
Other operating income		2,611,419	800,238
Distribution expenses		(3,184,403)	(3,145,156)
Administrative expenses		(4,257,239)	(3,732,271)
Other operating expenses		(1,442,760)	(598,182)
Results from operating activities		2,781,997	1,346,234
Finance costs	16	(287,948)	(322,980)
Profit before tax	17	2,494,049	1,023,254
Income tax expense	19	(190,333)	(139,061)
Profit for the year		2,303,716	884,193
Other comprehensive income for the year, net of tax			
Foreign currency translation differences for foreign operations		(4,700)	1,030
Total comprehensive income for the year		2,299,016	885,223
Profit for the year attributable to owners of the Company		2,303,716	884,193
Total comprehensive income for the year attributable to owners of the Company		2,299,016	885,223
Basic earnings per ordinary share (sen)	20	5.03	1.93
Diluted earnings per ordinary share (sen)	20	5.03	1.93

The notes on pages 46 to 89 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2010

		Attributable to owners of the Company					
			Non-distributable			Distributable	
	Note	**Share capital RM**	**Share premium RM**	**Translation reserve RM**	**Share option reserve RM**	**Retained earnings RM**	**Total equity RM**
At 1 January 2009		45,780,000	1,406,679	(3,658)	233,132	12,003,258	59,419,411
Share-based payment transactions	11	-	-	-	55,000	-	55,000
Total comprehensive income for the year		-	-	1,030	-	884,193	885,223
Dividend to owners of the Company	21	-	-	-	-	(515,025)	(515,025)
At 31 December 2009		45,780,000	1,406,679	(2,628)	288,132	12,372,426	59,844,609
Total comprehensive income for the year		-	-	(4,700)	-	2,303,716	2,299,016
Dividend to owners of the Company	21	-	-	-	-	(515,253)	(515,253)
At 31 December 2010		45,780,000	1,406,679	(7,328)	288,132	14,160,889	61,628,372

The notes on pages 46 to 89 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2010

	Note	2010 RM	2009 RM
Cash flows from operating activities			
Profit before tax		2,494,049	1,023,254
Adjustments for :			
Amortisation of prepaid lease payments	5	46,331	48,768
Depreciation			
- Property, plant and equipment	3	1,834,810	1,904,795
- Investment properties	4	66,233	298,947
Interest expense	16	287,948	322,980
Plant and equipment written off	17	34,648	2,519
Provision for retirement/resignation benefits	11	128,554	145,740
Share-based payment transactions	11	-	55,000
Gain on disposal of			
- Investment property	17	(1,960,192)	-
- Prepaid lease payment	17	(75,376)	-
- Plant and equipment	17	(60,000)	(1)
Operating profit before changes in working capital		2,797,005	3,802,002
Changes in working capital :			
Trade and other receivables, including derivatives		355,366	1,406,236
Inventories		(5,254,618)	1,825,649
Trade and other payables		74,740	1,312,174
Cash (used in)/generated from operations		(2,027,507)	8,346,061
Tax paid		(88,878)	(82,383)
Retirement/resignation benefits paid	11	(117,967)	(145,752)
Net cash (used in)/from operating activities		(2,234,352)	8,117,926
Cash flows from investing activities			
Proceeds from disposal of			
- Investment property		3,862,753	-
- Prepaid lease payment		240,697	-
- Plant and equipment		60,000	1
Purchase of plant and equipment	3	(1,312,410)	(207,335)
Net cash from/(used in) investing activities		2,851,040	(207,334)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2010 (continued)

	Note	2010 RM	2009 RM
Cash flows from financing activities			
Dividend paid		(515,253)	(515,025)
Interest paid		(287,948)	(322,980)
Repayment of borrowings, net		(1,029,000)	(5,288,000)
Net cash used in financing activities		(1,832,201)	(6,126,005)
Net (decrease)/increase in cash and cash equivalents		(1,215,513)	1,784,587
Effect of exchange rate fluctuations on cash and cash equivalents		(931)	783
Cash and cash equivalents at 1 January		2,546,269	760,899
Cash and cash equivalents at 31 December		1,329,825	2,546,269

Note

Cash and cash equivalents

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

	2010 RM	2009 RM
Cash and bank balances	1,478,055	2,546,269
Bank overdrafts (Note 14)	(148,230)	-
	1,329,825	2,546,269

The notes on pages 46 to 89 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

at 31 December 2010

	Note	2010 RM	2009 RM
Assets			
Property, plant and equipment	3	20,730,546	20,965,790
Investment properties	4	2,095,350	4,364,105
Prepaid lease payments	5	1,797,992	2,009,644
Investments in subsidiaries	6	1,213,000	1,213,000
Total non-current assets		25,836,888	28,552,539
Trade and other receivables, including derivatives	7	13,396,450	14,260,924
Inventories	8	30,432,406	25,165,272
Cash and bank balances		1,141,295	2,312,116
Total current assets		44,970,151	41,738,312
Total assets		70,807,039	70,290,851
Equity			
Share capital	9	45,780,000	45,780,000
Reserves	10	13,313,263	11,672,820
Total equity		59,093,263	57,452,820
Liabilities			
Employee benefits	11	1,479,396	1,468,809
Deferred tax liabilities	12	149,000	-
Total non-current liabilities		1,628,396	1,468,809
Trade and other payables	13	4,622,150	4,978,647
Borrowings	14	5,463,230	6,344,000
Current tax liabilities		-	46,575
Total current liabilities		10,085,380	11,369,222
Total liabilities		11,713,776	12,838,031
Total equity and liabilities		70,807,039	70,290,851

The notes on pages 46 to 89 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2010

	Note	2010 RM	2009 RM
Continuing operations			
Revenue	15	59,743,817	56,648,573
Cost of sales		(51,967,193)	(49,655,592)
Gross profit		7,776,624	6,992,981
Distribution expenses		(3,336,985)	(3,405,205)
Administrative expenses		(2,760,601)	(2,446,890)
Other operating expenses		(1,442,335)	(597,353)
Other operating income		2,370,466	391,922
Results from operating activities		2,607,169	935,455
Finance costs	16	(287,948)	(322,980)
Profit before tax	17	2,319,221	612,475
Income tax expense	19	(163,525)	(133,897)
Profit for the year and total comprehensive income for the year attributable to owners of the Company		2,155,696	478,578

The notes on pages 46 to 89 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2010

		Attributable to owners of the Company				
		Non-distributable			Distributable	
	Note	Share capital RM	Share premium RM	Share option reserve RM	Retained earnings RM	Total equity RM
At 1 January 2009		45,780,000	1,406,679	233,132	10,014,456	57,434,267
Total comprehensive income for the year		-	-	-	478,578	478,578
Share-based payment transactions	11	-	-	55,000	-	55,000
Dividend to owners of the Company	21	-	-	-	(515,025)	(515,025)
At 31 December 2009		45,780,000	1,406,679	288,132	9,978,009	57,452,820
Total comprehensive income for the year		-	-	-	2,155,696	2,155,696
Dividend to owners of the Company	21	-	-	-	(515,253)	(515,253)
At 31 December 2010		45,780,000	1,406,679	288,132	11,618,452	59,093,263

The notes on pages 46 to 89 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2010

	Note	2010 RM	2009 RM
Cash flows from operating activities			
Profit before tax		2,319,221	612,475
Adjustments for :			
Amortisation of prepaid lease payments	5	46,331	48,768
Depreciation			
- Property, plant and equipment	3	1,799,122	1,855,734
- Investment properties	4	66,233	298,947
Interest expense	16	287,948	322,980
Provision for retirement/resignation benefits	11	128,554	145,740
Plant and equipment written off	17	29,789	-
Share-based payment transactions	11	-	55,000
Gain on disposal of :			
- Investment property	17	(1,960,192)	-
- Prepaid lease payment	17	(75,376)	-
- Plant and equipment	17	(60,000)	(1)
Operating profit before changes in working capital		2,581,630	3,339,643
Changes in working capital :			
Trade and other receivables, including derivatives		864,474	2,190,942
Inventories		(5,267,134)	1,937,713
Trade and other payables		(356,497)	675,222
Cash generated (used in)/generated from operations		(2,177,527)	8,143,520
Tax paid		(61,100)	(69,822)
Retirement/resignation benefits paid	11	(117,967)	(145,752)
Net cash (used in)/from operating activities		(2,356,594)	7,927,946
Cash flows from investing activities			
Proceeds from disposal of			
- Investment property		3,862,753	-
- Prepaid lease payment		240,697	-
- Plant and equipment		60,000	1
Purchase of plant and equipment	3	(1,293,706)	(199,242)
Net cash from/(used in) investing activities		2,869,744	(199,241)

STATEMENT OF CASH FLOWS
for the year ended 31 December 2010 (continued)

	Note	2010 RM	2009 RM
Cash flows from financing activities			
Dividend paid		(515,253)	(515,025)
Interest paid		(287,948)	(322,980)
Repayment of borrowings, net		(1,029,000)	(5,288,000)
Net cash used in financing activities		(1,832,201)	(6,126,005)
Net (decrease)/increase in cash and cash equivalents		(1,319,051)	1,602,700
Cash and cash equivalents at 1 January		2,312,116	709,416
Cash and cash equivalents at 31 December		993,065	2,312,116

Note

Cash and cash equivalents

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

	2010 RM	2009 RM
Cash and bank balances	1,141,295	2,312,116
Bank overdrafts (Note 14)	(148,230)	-
	993,065	2,312,116

The notes on pages 46 to 89 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

Registered office

Suite 3A33, Block A2
Leisure Commerce Square
9, Jalan PJS 8/9
46150 Petaling Jaya
Selangor

Principal place of business

Lot 77 & 78, Persiaran 11
Kawasan Perusahaan Bakar Arang
08000 Sungai Petani
Kedah Darul Aman

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

The Company is principally engaged in the manufacture and sale of self-adhesive label stocks and tapes of its own brand, and trading of other self-adhesive label stocks and tapes.

The principal activities of the subsidiaries are stated in Note 6 to the financial statements.

The financial statements were approved by the Board of Directors on 21 April 2011.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

Amendments effective for annual periods beginning on or after 1 March 2010

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

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

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

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

- Amendments to FRS 2, Share-based Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, Intangible Assets*
- IC Interpretation 12, Service Concession Agreements*
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

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

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

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

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

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

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

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

- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for those marked " * " which are not applicable to the Group and to the Company; and

- from the annual period beginning 1 January 2012 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2011 and 1 January 2012 except for those marked " # " which are not applicable to the Group and to the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures is not expected to have any financial impact to the current and prior periods financial statements upon their first adoption.

The initial application of the remaining standards, improvements and amendments is not expected to have any significant impact on the Group's and the Company's financial statements.

Following the announcement by the MASB on 1 August 2008, the Group's and the Company's financial statements will be prepared in accordance with the International Financial Reporting Standards (IFRS) framework for annual periods beginning on 1 January 2012. The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group and the Company.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed in Note 4 - valuation of investment properties.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, other than as disclosed in the following notes :

- Note 2 (c) – Financial Instruments
- Note 2 (t) – Operating Segments

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation

i) Subsidiaries

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

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

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

ii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in profit or loss.

When the Group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

iii) Transactions eliminated on consolidation

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

(b) Foreign currency

i) Foreign currency transactions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency (continued)

ii) Operations denominated in functional currencies other than Ringgit Malaysia (RM)

The assets and liabilities of operations in functional currencies other than RM, including fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of reporting date, except for fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR). When the foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

(c) Financial instruments

Arising from the adoption of FRS 139, Financial Instruments: Recognition and Measurement, with effect from 1 January 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied. Significant changes to the accounting policies are discussed in Note 27.

(i) Initial recognition and measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows :

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives or financial assets that are specifically designated into this category upon initial recognition.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises trade and other receivables and cash and cash equivalents.

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

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(j)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to :

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(iv) Derecognition

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

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

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

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

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other operating income” or “other operating expenses” respectively in profit or loss.

(ii) Subsequent costs

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

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

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The depreciation rates used for the current and comparative periods are as follows :

	%
Buildings	2 - 10
Plant, machinery and loose tools	7.5 - 33.33
Furniture, fittings, equipment and installations	7.5 - 20
Motor vehicles	20

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

(e) Leased assets

(i) Finance leases

Leases in terms of which the Group or the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating leases

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating lease and the leased assets are not recognised on the Group's statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Leased assets (continued)

(ii) Operating leases (continued)

In previous years, a leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land was accounted for as prepaid lease payments.

The Group has adopted the amendment made to FRS 117, Leases in 2010 in relation to the classification of lease of land. Leasehold land which in substance is a finance lease has been reclassified and measured as such retrospectively.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(f) Investment property

(i) Investment property carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purpose. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of 20 to 50 years for buildings.

(ii) Determination of fair value

The Directors estimate the fair values of the Group’s investment property without involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Investment property (continued)

(ii) Determination of fair value (continued)

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

(g) Inventories

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

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

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

(h) Receivables

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

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

(i) Cash and cash equivalents

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

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

(j) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment (continued)

(i) Financial assets (continued)

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

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

(ii) Non-financial assets

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

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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

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

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

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

(k) Equity instruments

Instruments classified as equity are stated at cost on initial recognition and are not re-measured subsequently.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Loans and Borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised profit or loss over the period of the borrowings using the effective interest method.

(m) Employee benefits

(i) *Short term employee benefits*

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

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

(ii) *State plans*

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

(iii) *Defined benefit plans*

The Group's net obligation in respect of defined benefit retirement/resignations plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in its current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service cost and the fair value of any plan assets is deducted. The discount rate is the yield at the reporting period date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or any settlement of the plan liabilities. The latest actuarial valuation was carried out as at 16 April 2007.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statements on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Employee benefits (continued)

(iii) Defined benefit plans (continued)

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognised.

(iv) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The fair value of employee share options is measured using a Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(n) Provisions

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

(i) Contingent liabilities

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

(o) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Revenue and other income

(i) Goods sold

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

(ii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iii) Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other operating income on a systematic basis in the same periods in which the expenses are recognised.

(q) Borrowings costs

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

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

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

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

(r) Income tax

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income tax (continued)

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the end of the reporting period.

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

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

(s) Earnings per ordinary share

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

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

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

(t) Operating segments

In the previous years, a segment was a distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

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

As the Group is principally confined to the manufacture, and sale and trading of self-adhesive label stocks and tapes of its own brand, which are principally carried out in Malaysia. Accordingly, the information by operating segments on the Group's operations as required by FRS 8 is not presented.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM	Plant, machinery and loose tools RM	Furniture, fittings, equipment and installations RM	Motor vehicles RM	Under construction RM	Total RM
Group						
Cost						
At 1 January 2009	9,446,394	24,703,479	2,805,791	1,844,286	90,381	38,890,331
Additions	-	65,710	15,023	-	126,602	207,335
Disposals	-	-	-	(97,127)	-	(97,127)
Write offs	-	-	(3,298)	-	-	(3,298)
Reclassifications	-	137,410	51,844	-	(189,254)	-
Effect of movements in exchange rates	-	-	552	354	-	906
At 31 December 2009/ 1 January 2010	9,446,394	24,906,599	2,869,912	1,747,513	27,729	38,998,147
Additions	66,100	109,023	56,969	275,850	804,468	1,312,410
Disposals	-	-	-	(231,800)	-	(231,800)
Write offs	-	-	(10,046)	-	(27,729)	(37,775)
Reclassification	149	-	4,750	-	(4,750)	149
Effect of movements in exchange rates	-	-	(777)	(500)	-	(1,277)
At 31 December 2010	9,512,643	25,015,622	2,920,808	1,791,063	799,718	40,039,854
Depreciation						
At 1 January 2009	844,264	11,415,094	2,225,585	1,597,176	-	16,082,119
Depreciation for the year	203,496	1,429,499	128,865	142,935	-	1,904,795
Disposals	-	-	-	(97,127)	-	(97,127)
Write offs	-	-	(779)	-	-	(779)
Effect of movements in exchange rates	-	-	534	354	-	888
At 31 December 2009/ 1 January 2010	1,047,760	12,844,593	2,354,205	1,643,338	-	17,889,896
Depreciation for the year	205,198	1,396,943	126,084	106,585	-	1,834,810
Disposals	-	-	-	(231,800)	-	(231,800)
Write offs	-	-	(3,127)	-	-	(3,127)
Reclassification	(299,812)	-	-	-	-	(299,812)
Effect of movements in exchange rates	-	-	(765)	(500)	-	(1,265)
At 31 December 2010	953,146	14,241,536	2,476,397	1,517,623	-	19,188,702

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RM	Plant, machinery and loose tools RM	Furniture, fittings, equipment and installations RM	Motor vehicles RM	Under construction RM	Total RM
Group (cont'd)						
Carrying amounts						
At 1 January 2009	8,602,130	13,288,385	580,206	247,110	90,381	22,808,212
At 31 December 2009/ 1 January 2010	8,398,634	12,062,006	515,707	104,175	27,729	21,108,251
At 31 December 2010	8,559,497	10,774,086	444,411	273,440	799,718	20,851,152
Company						
Cost						
At 1 January 2009	9,446,394	24,703,479	2,154,189	1,538,674	90,381	37,933,117
Additions	-	65,710	6,930	-	126,602	199,242
Reclassifications	-	137,410	51,844	-	(189,254)	-
Write offs	-	-	-	(97,127)	-	(97,127)
At 31 December 2009/ 1 January 2010	9,446,394	24,906,599	2,212,963	1,441,547	27,729	38,035,232
Additions	66,100	109,023	38,265	275,850	804,468	1,293,706
Reclassification	149	-	4,750	-	(4,750)	149
Write offs	-	-	(3,583)	-	(27,729)	(31,312)
Disposal	-	-	-	(231,800)	-	(231,800)
At 31 December 2010	9,512,643	25,015,622	2,252,395	1,485,597	799,718	39,065,975
Depreciation						
At 1 January 2009	844,264	11,415,094	1,749,798	1,301,679	-	15,310,835
Depreciation for the year	203,496	1,429,499	89,919	132,820	-	1,855,734
Write offs	-	-	-	(97,127)	-	(97,127)
At 31 December 2009/ 1 January 2010	1,047,760	12,844,593	1,839,717	1,337,372	-	17,069,442
Depreciation for the year	205,198	1,396,943	90,396	106,585	-	1,799,122
Write offs	-	-	(1,523)	-	-	(1,523)
Reclassification	(299,812)	-	-	-	-	(299,812)
Disposal	-	-	-	(231,800)	-	(231,800)
At 31 December 2010	953,146	14,241,536	1,928,590	1,212,157	-	18,335,429

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RM	Plant, machinery and loose tools RM	Furniture, fittings, equipment and installations RM	Motor vehicles RM	Under construction RM	Total RM
Company (continued)						
Carrying amounts						
At 1 January 2009	8,602,130	13,288,385	404,391	236,995	90,381	22,622,282
At 31 December 2009/ 1 January 2010	8,398,634	12,062,006	373,246	104,175	27,729	20,965,790
At 31 December 2010	8,559,497	10,774,086	323,805	273,440	799,718	20,730,546

4. INVESTMENT PROPERTIES - GROUP/COMPANY

	Buildings RM
Cost	
At 1 January 2009/31 December 2009	8,635,453
Reclassification	(149)
Disposal	(6,345,304)
At 31 December 2010	2,290,000
Depreciation	
At 1 January 2009	3,972,401
Depreciation for the year	298,947
At 31 December 2009/1 January 2010	4,271,348
Depreciation for the year	66,233
Reclassification	299,812
Disposal	(4,442,743)
At 31 December 2010	194,650
Carrying amounts	
At 1 January 2009	4,663,052
At 31 December 2009/1 January 2010	4,364,105
At 31 December 2010	2,095,350

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. INVESTMENT PROPERTIES - GROUP/COMPANY (continued)

The following are recognised in profit or loss in respect of investment properties:

	2010 RM	2009 RM
Rental income	275,387	252,000
Direct operating expenses		
- Income generating investment properties	58,362	79,747

Investment properties comprise commercial property that is leased to third parties. The Directors estimated that the fair value of the investment properties to be approximately RM2,250,000 (2009: RM6,400,000).

5. PREPAID LEASE PAYMENTS - GROUP/COMPANY

	Unexpired period more than 50 years RM	Unexpired period less than 50 years RM	Total RM
Cost			
At 1 January 2009/ 31 December 2009	244,000	2,017,009	2,261,009
Disposal	(244,000)	-	(244,000)
At 31 December 2010	-	2,017,009	2,017,009
Amortisation			
At 1 January 2009	75,801	126,796	202,597
Amortisation for the year	2,660	46,108	48,768
At 31 December 2009/ 1 January 2010	78,461	172,904	251,365
Amortisation for the year	218	46,113	46,331
Disposal	(78,679)	-	(78,679)
At 31 December 2010	-	219,017	219,017
Carrying amounts			
At 1 January 2009	168,199	1,890,213	2,058,412
At 31 December 2009/ 1 January 2010	165,539	1,844,105	2,009,644
At 31 December 2010	-	1,797,992	1,797,992

The Group has retained the unamortised revalued amount as the surrogated carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN SUBSIDIARIES - COMPANY

	2010 RM	2009 RM
Unquoted shares, at cost	1,213,000	1,213,000

Details of the subsidiaries are as follows :

Name of subsidiary	Country of incorporation	Principal Activities	Effective ownership interest 2010 %	Effective ownership interest 2009 %
CIC Marketing Sdn. Bhd.	Malaysia	Marketing of self-adhesive label stocks and tapes	100	100
CICS Distributors Pte. Ltd. #	Singapore	Trading of adhesive tapes	100	100

Not audited by member firms of KPMG International

7. TRADE AND OTHER RECEIVABLES, INCLUDING DERIVATIVES

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Trade					
Trade receivables		13,850,941	14,074,408	11,539,579	11,774,543
Amount due from a subsidiary		-	-	1,362,276	1,864,690
	7.1	13,850,941	14,074,408	12,901,855	13,639,233
Non-trade					
Other receivables		151,579	341,736	149,113	339,269
Deposits		169,854	167,397	37,562	36,012
Prepayments		293,792	268,158	291,502	246,410
Financial asset at fair value through profit or loss - held for trading including derivatives	#	16,418	-	16,418	-
		14,482,584	14,851,699	13,396,450	14,260,924

This represents forward exchange contracts.

7.1 Trade receivables

All trade receivables are subject to normal trade terms.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. INVENTORIES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At cost				
Raw materials	12,408,682	8,001,890	12,408,682	8,001,890
Work-in-progress	10,655,613	8,892,204	10,655,613	8,892,204
Manufactured inventories	5,479,528	5,401,397	4,607,773	4,511,899
Trading inventories	2,609,699	3,610,132	2,609,699	3,610,132
Consumables	150,639	149,147	150,639	149,147
	31,304,161	26,054,770	30,432,406	25,165,272

9. SHARE CAPITAL - GROUP/COMPANY

	2010		2009	
	Amount RM	Number of shares	Amount RM	Number of shares
Ordinary shares of RM1 each :				
Authorised	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid	45,780,000	45,780,000	45,780,000	45,780,000

10. RESERVES

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Distributable					
Retained earnings		14,160,889	12,372,426	11,618,452	9,978,009
Non-distributable					
Share premium		1,406,679	1,406,679	1,406,679	1,406,679
Translation reserve	10.1	(7,328)	(2,628)	-	-
Share option reserve	10.2	288,132	288,132	288,132	288,132
		1,687,483	1,692,183	1,694,811	1,694,811
		15,848,372	14,064,609	13,313,263	11,672,820

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. RESERVES (continued)

The movement of reserves is shown in the Statements of Changes in Equity.

10.1 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

10.2 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

10.3 Section 108 tax credit and tax exempt income

Subject to agreement with the Inland Revenue Board, the Company has sufficient :

i) Section 108 tax credit to frank all of its distributable reserves; and

ii) Tax exempt income to distribute approximately RM8,584,000 of its distributable reserves;

if paid out as dividends.

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

11. EMPLOYEE BENEFITS - GROUP/COMPANY

11.1 Retirement/resignation benefits

	2010 RM	2009 RM
Present value of unfunded obligations	1,479,396	1,468,809
Recognised liability for defined benefit obligations	1,479,396	1,468,809

The Group makes contributions to an unfunded defined benefit scheme that provides retirement benefits for employees upon retirement and resignation benefits to non-executive employees who have served the Company for more than 10 years. Under the Scheme, a retired/resigned employee is entitled to receive an annual payment equal to 0.75 month of the final salary for each year of service the employee provided.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. EMPLOYEE BENEFITS - GROUP/COMPANY (continued)

11.1 Retirement/resignation benefits (continued)

Movements in the liability for defined benefit obligations

	2010 RM	2009 RM
Defined benefit obligations at 1 January	1,468,809	1,468,821
Benefits paid by the scheme	(117,967)	(145,752)
Actuarial losses recognised (Note 17)	128,554	145,740
Defined benefit obligations at 31 December	1,479,396	1,468,809

Expense recognised in profit or loss

	2010 RM	2009 RM
Current service costs	118,270	134,023
Interest on obligation	10,284	11,717
Net benefit expense	128,554	145,740

The expense is recognised in the following line items in the statements of comprehensive income :

	2010 RM	2009 RM
Cost of sales	108,124	129,675
Administrative expenses	20,430	16,065
	128,554	145,740

Actuarial assumption

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages).

	2010	2009
Discount rate at 31 December	6.4%	6.4%
Future salary increases	3.0%	3.0%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average life expectancy of an individual retiring at age 55 is 27 years.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. EMPLOYEE BENEFITS - GROUP/COMPANY (continued)

11.2 Share-based payment transactions

On 23 March 2006, the Group established a share option programme that entitles eligible employees to purchase shares in the Company.

In accordance with this programme, options are exercisable at the market price of the shares at the date of grant.

The terms and conditions of the grants are as follows :

	Vesting condition				
	1st Period until 22.03.2009	2nd Period 23.03.2009 to 22.03.2010	3rd Period 23.03.2010 to 22.03.2010	4th Period 23.03.2010 to 22.03.2010	5th Period 23.03.2010 to 22.03.2011
Directors and Senior Management	20%	40%	60%	80%	100%
Middle Management and Executives	20%	40%	60%	80%	100%
Non-Executives	20%	40%	60%	80%	100%

The number and weighted average exercise prices of share options are as follows :

	Weighted average exercise price RM	2010 Number of options ('000)	2009 Number of options ('000)
Outstanding at 1 January	1.00	1,338	1,463
Lapsed during the year	1.00	(48)	(125)
Outstanding at 31 December	1.00	1,290	1,338
Exercisable at 31 December	1.00	1,290	1,338

The options outstanding at 31 December 2010 have an exercise price of RM1 and a weighted average contractual life of three (3) years.

In the previous financial year, the Board of Directors decided to extend the existing ESOS period for up to a maximum period of an additional five (5) years commencing on 23 March 2010 and expiring on 22 March 2014 based on terms and conditions as set out in the ESOS bye-laws upon the recommendation from the ESOS Committee.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. EMPLOYEE BENEFITS - GROUP/COMPANY (continued)

11.2 Share-based payment transactions (continued)

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a Black-Scholes model, with the following inputs :

Fair value of share options and assumption

Fair value at grant date	RM1.07
Weighted average share price	RM1.10
Exercise price	RM1.00
Expected volatility (weighted average volatility)	56.86%
Option life (expected weighted average life)	5 years
Expected dividends	1.15%
Risk-free interest rate (based on Malaysian government bonds)	3.73%

Value of employee services received for issue of share options

	2010 RM	2009 RM
Total expense recognised as share-based payments	-	55,000

12. DEFERRED TAX LIABILITIES

The recognised deferred tax liabilities are as follows :

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Property, plant and equipment (including prepaid lease payments) - capital allowances	900,335	15,144	882,974	-
Unabsorbed tax losses	(6,671)	(6,671)	-	-
Provisions	(733,845)	-	(733,845)	-
Others	(129)	-	(129)	-
	159,690	8,473	149,000	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. DEFERRED TAX LIABILITIES (continued)

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

	At 1 January 2009 RM	Recognised in profit or loss (Note 17) RM	At 31 December 2009 RM	Recognised in profit or loss (Note 17) RM	At 31 December 2010 RM
Group					
Property, plant and equipment (including prepaid lease payments) - capital allowances	27,052	(11,908)	15,144	885,191	900,335
Unabsorbed tax losses	-	(6,671)	(6,671)	-	(6,671)
Provisions	-	-	-	(733,845)	(733,845)
Others	-	-	-	(129)	(129)
	27,052	(18,579)	8,473	151,217	159,690
Company					
Property, plant and equipment (including prepaid lease payments) - capital allowances	-	-	-	882,974	882,974
Provisions	-	-	-	(733,845)	(733,845)
Others	-	-	-	(129)	(129)
	-	-	-	149,000	149,000

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items :

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Provision	-	2,076,000	-	2,076,000
Unabsorbed capital allowances	-	252,000	-	252,000
	-	2,328,000	-	2,328,000

The comparative figures have been restated to reflect the revised unabsorbed capital allowances available to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. TRADE AND OTHER PAYABLES

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Trade					
Trade payables	13.1	1,720,281	1,524,966	861,933	1,013,183
Non-trade					
Amount due to a subsidiary	13.2	-	-	2,368,634	2,534,341
Other payables		220,376	315,708	112,190	109,459
Accrued expense		1,400,622	1,440,945	1,279,393	1,321,664
		1,620,998	1,756,653	3,760,217	3,965,464
		3,341,279	3,281,619	4,622,150	4,978,647

13.1 Trade payables

All trade payables are subject to normal trade terms.

13.2 Amount due to a subsidiary

The non-trade amount due to a subsidiary is unsecured, interest-free and payable on demand.

14. BORROWINGS, UNSECURED - GROUP/COMPANY

	2010 RM	2009 RM
Current		
Bank overdrafts	148,230	-
Bankers' acceptances	5,315,000	6,344,000
	5,463,230	6,344,000

The bank overdrafts and bankers' acceptances are subject to interest rates ranging from 3.81% to 4.01% (2009 : 2.92% to 3.22%) per annum.

15. REVENUE - GROUP/COMPANY

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

16. FINANCE COSTS - GROUP/COMPANY

	2010 RM	2009 RM
Interest paid on :		
Bank overdrafts	54,411	53,705
Other borrowings	233,537	269,275
	287,948	322,980

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. PROFIT BEFORE TAX

Profit before tax is arrived at :

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
After charging :				
Auditors' remuneration				
Audit fees				
- KPMG Malaysia	42,000	34,000	36,000	28,000
- Other auditor	6,000	6,000	-	-
Non-audit fees				
- KPMG Malaysia	3,000	3,000	3,000	3,000
- Local affiliates of KPMG Malaysia	38,660	8,800	35,700	6,300
Impairment loss on trade receivables	652,232	-	492,568	-
Amortisation of prepaid lease payments (Note 5)	46,331	48,768	46,331	48,768
Depreciation				
- Property, plant and equipment (Note 3)	1,834,810	1,904,795	1,799,122	1,855,734
- Investment properties (Note 4)	66,233	298,947	66,233	298,947
Inventories written off	203,793	127,377	203,793	127,327
Loss on foreign exchange				
- realized	345,192	-	140,110	191,056
- unrealized	-	-	225,502	-
Directors' emoluments				
Directors of the Company				
- Fees	146,000	150,892	146,000	150,892
- Remuneration	525,517	504,383	525,517	504,383
- Share-based payments	-	9,876	-	9,876
- Benefits-in-kind	13,150	19,523	13,150	19,523
Other Directors' remuneration	152,356	147,876	-	-
Plant and equipment written off	34,648	2,519	29,789	-
Provision for retirement/ resignation benefits (Note 11)	128,554	145,740	128,554	145,740
Rental expense				
- Land and building	475,326	460,193	9,100	8,400
- Equipment	1,009	1,386	1,009	1,386
Bad debt written off	251,521	43,310	115,763	43,310
Personnel expenses (excluding Directors' emoluments)				
- Wages, salaries and others	4,740,036	5,103,738	3,463,833	3,869,297
- Employees' Provident Fund contributions	539,185	601,652	410,605	459,143
- Share-based payments	-	45,124	-	45,124

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. PROFIT BEFORE TAX (continued)

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
and after crediting :				
Gain on foreign exchange				
- realized	-	251,986	-	-
- unrealized	107,889	-	-	-
Gain on disposal of				
- Investment property	1,960,192	-	1,960,192	-
- Prepaid lease payment	75,376	-	75,376	-
- Plant and equipment	60,000	1	60,000	1
Rental income from investment properties	275,387	252,000	275,387	252,000
Grant received	11,204	25,491	-	-

18. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows :

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Directors of the Company				
- Fees	20,000	11,644	20,000	11,644
- Remuneration	525,517	504,383	525,517	504,383
- Benefits-in-kind	13,150	19,523	13,150	19,523
	558,667	535,550	558,667	535,550
Other Directors				
- Remuneration	152,356	147,876	-	-
	711,023	683,426	558,667	535,550

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. INCOME TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current tax expense				
Current year				
- Malaysia	55,000	84,000	55,000	84,000
- Overseas	24,807	23,760	-	-
	79,807	107,760	55,000	84,000
Prior year				
- Malaysia	(40,475)	49,897	(40,475)	49,897
- Overseas	(216)	(17)	-	-
	(40,691)	49,880	(40,475)	49,897
Total current tax recognised in profit or loss	39,116	157,640	14,525	133,897
Deferred tax expense				
Origination and reversal of temporary differences	151,217	(18,579)	149,000	-
Total income tax expense	190,333	139,061	163,525	133,897

Reconciliation of effective tax expense

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit for the year	2,303,716	884,193	2,155,696	478,578
Total income tax expense	190,333	139,061	163,525	133,897
Profit excluding tax	2,494,049	1,023,254	2,319,221	612,475
Income tax calculated using Malaysian tax rate of 25% (2009 : 25%)	623,512	255,813	579,805	153,119
Effect of lower tax rate in foreign jurisdictions*	(19,446)	(46,118)	-	-
Non-deductible expenses	255,606	84,457	203,840	54,935
Income not subject to tax	(47,666)	(73,306)	-	-
Utilisation of previously unrecognised deferred tax assets	(582,000)	(124,123)	(582,000)	(124,123)
Other items	2,355	(909)	2,355	69
	232,361	95,814	204,000	84,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. INCOME TAX EXPENSE (continued)

Reconciliation of effective tax expense (continued)

	Group		Company	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
(Over)/Under provided in prior year	(42,028)	43,247	(40,475)	49,897
Tax expense	190,333	139,061	163,525	133,897

* A subsidiary operates in a tax jurisdiction with a lower tax rate.

20. EARNINGS PER ORDINARY SHARE - GROUP

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the year ended 31 December 2010 was based on the profit attributable to ordinary shareholders of RM2,303,716 (2009 : RM884,193) and a weighted average number of ordinary shares outstanding during the year of 45,780,000 (2009 : 45,780,000).

Diluted earnings per ordinary share

No diluted EPS is disclosed in the financial statements as there are no dilutive potential ordinary shares.

21. DIVIDEND - GROUP/COMPANY

Dividend recognised in the current year by the Company are :

	Sen per share (net of tax)	Total amount RM	Date of payment
2010			
2009 final dividend of 1.50% per ordinary share less 25% tax	1.125	515,253	13.9.2010
2009			
2008 final dividend of 1.50% per ordinary share less 25% tax	1.125	515,025	9.9.2009

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

	Sen per share (net of tax)	Total amount RM
Final ordinary	1.125	515,025

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. RELATED PARTIES

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

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

The significant related party transactions of the Company, other than key management personnel compensation, are as follows :

i) Transactions between the Company and its subsidiaries :

	Note	Amount transacted for the year ended 31 December RM	Net outstanding at 31 December RM	Impairment loss recognised for the year ended 31 December RM
Company				
2010				
Subsidiaries				
Sales	22.1	1,291,389	1,362,276	-
Commission paid/payable	22.2	2,190,502	2,368,634	-
2009				
Subsidiaries				
Sales	22.1	999,786	1,864,690	-
Commission paid/payable	22.2	2,184,286	2,534,341	-

All of the above outstanding balances are expected to be settled in cash by the related parties.

22.1 Sales to subsidiaries are based on normal trade terms. Balances outstanding are unsecured.

22.2 The outstanding balance is unsecured, interest free and repayable on demand.

ii) There were no transactions with the key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment other than as disclosed in Note 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. OPERATING SEGMENTS - GROUP

The Group is principally confined to the manufacture and sale of self adhesive label stocks and tapes which are principally carried out in Malaysia. Accordingly, information by operating segments of the Group's operations as required by FRS is not presented.

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets. The amounts of non-current assets do not include financial instruments.

	Revenue RM	Non-current assets RM
2010		
Malaysia	37,083,171	24,740,064
Asia (excluding Malaysia)	17,008,704	4,430
Australia	5,895,303	-
United States of America	3,650,492	-
Europe	1,394,170	-
Others	682,955	-
	65,714,795	24,744,494
2009		
Malaysia	38,258,862	27,479,800
Asia (excluding Malaysia)	19,095,107	2,200
Australia	4,267,464	-
United States of America	129,695	-
Europe	94,930	-
Others	440,455	-
	62,286,513	27,482,000

24. FINANCIAL INSTRUMENTS

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

24.1 Categories of financial instruments

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

(a) Loans and receivables (L&R);
(b) Fair value through profit or loss (FVTPL); and
(c) Other financial liabilities measured at amortised cost (OL).

The Group and the Company do not have any financial instruments categorised as available for sales held-to-maturity investments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. FINANCIAL INSTRUMENTS (continued)

24.1 Categories of financial instruments (continued)

	Carrying amount RM	L&R RM	FVTPL RM
2010			
Financial assets			
Group			
Trade and other receivables, including derivatives	14,018,938	14,002,520	16,418
Cash and cash equivalents	1,478,055	1,478,055	-
	15,496,993	15,480,575	16,418
Company			
Trade and other receivables, including derivatives	13,067,386	13,050,968	16,418
Cash and cash equivalents	1,141,295	1,141,295	-
	14,208,681	14,192,263	16,418

	Carrying amount RM	OL RM
2010		
Financial liabilities		
Group		
Trade and other payables	1,940,657	1,940,657
Borrowings	5,463,230	5,463,230
	7,403,887	7,403,887
Company		
Trade and other payables	3,342,757	3,342,757
Borrowings	5,463,230	5,463,230
	8,805,987	8,805,987

24.2 Net gain arising from financial instruments

	Group 2010 RM	Company 2010 RM
Net gain arising on :		
Fair value through profit or loss :		
- Held for trading	16,418	16,418

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. FINANCIAL INSTRUMENTS (continued)

24.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments :

- Credit risk
- Liquidity risk
- Market risk

24.4 Credit risk

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

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

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

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 365 days, which are deemed to have higher credit risk, are monitored individually.

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

	2010 RM	2009 RM
Group		
Malaysia	9,653,992	10,955,584
Asia (excluding Malaysia)	3,140,155	3,017,690
United States of America	1,017,918	-
Others	38,876	101,134
	13,850,941	14,074,408
Company		
Malaysia	9,653,993	10,868,712
Asia (excluding Malaysia)	2,191,068	2,669,387
United States of America	1,017,918	-
Others	38,876	101,134
	12,901,855	13,639,233

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. FINANCIAL INSTRUMENTS (continued)

24.4 Credit risk (continued)

Impairment losses

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

	Gross RM	Individual impairment RM	Net RM
Group			
2010			
Not past due	8,824,600	-	8,824,600
Past due 0 - 30 days	2,963,601	-	2,963,601
Past due 31 - 60 days	1,226,430	-	1,226,430
Past due 61 - 90 days	478,566	-	478,566
Past due 91- 120 days	183,583	(1,760)	181,823
Past due more than 121 days	1,065,558	(889,637)	175,921
	14,742,338	(891,397)	13,850,941
2009			
Not past due	8,168,109	-	8,168,109
Past due 0 - 30 days	2,825,720	-	2,825,720
Past due 31 - 60 days	1,312,094	-	1,312,094
Past due 61 - 90 days	402,075	-	402,075
Past due 91-120 days	235,917	-	235,917
Past due more than 121 days	1,369,658	(239,165)	1,130,493
	14,313,573	(239,165)	14,074,408
Company			
2010			
Not past due	7,658,720	-	7,658,720
Past due 0 - 30 days	2,495,562	-	2,495,562
Past due 31 - 60 days	966,571	-	966,571
Past due 61 - 90 days	326,387	-	326,387
Past due 91-120 days	68,936	(1,760)	67,176
Past due more than 121 days	2,117,412	(729,973)	1,387,439
	13,633,588	(731,733)	12,901,855
2009			
Not past due	7,026,296	-	7,026,296
Past due 0 - 30 days	2,475,096	-	2,475,096
Past due 31 - 60 days	1,068,304	-	1,068,304
Past due 61 - 90 days	241,623	-	241,623
Past due 91-120 days	185,208	-	185,208
Past due more than 121 days	2,881,871	(239,165)	2,642,706
	13,878,398	(239,165)	13,639,233

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. FINANCIAL INSTRUMENTS (continued)

24.4 Credit risk (continued)

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

	2010 RM	2009 RM
Group		
At 1 January	239,165	239,165
Impairment loss recognised	669,130	-
Impairment loss reversed	(16,898)	-
At 31 December	891,397	239,165
Company		
At 1 January	239,165	239,165
Impairment loss recognised	509,466	-
Impairment loss reversed	(16,898)	-
At 31 December	731,733	239,165

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

24.5 Liquidity risk

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

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as for as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

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

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2010							
Group							
Non-derivative financial liabilities							
Bankers' acceptances	5,315,000	3.81 - 4.01	5,315,000	5,315,000	-	-	-
Bank overdraft	148,230	6.20 - 7.30	148,230	148,230	-	-	-
Trade and other payables	1,940,657	-	1,940,657	1,940,657	-	-	-
	7,403,887		7,403,887	7,403,887	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. FINANCIAL INSTRUMENTS (continued)

24.5 Liquidity risk (continued)

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2010							
Company							
Non-derivative financial liabilities							
Bankers' acceptances	5,315,000	3.81 - 4.01	5,315,000	5,315,000	-	-	-
Bank overdraft	148,230	6.20 - 7.30	148,230	148,230	-	-	-
Trade and other payables	3,342,757	-	3,342,757	3,342,757	-	-	-
	8,805,987		8,805,987	8,805,987	-	-	-

24.6 Market risk

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

24.6.1 Currency risk

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

Risk management objectives, policies and processes for managing the risk

The Group ensures that the net exposure is kept to an acceptable level, by buying and selling foreign currencies at spot rate where necessary to address short-term imbalances.

Exposure to foreign currency risk

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

		Denominated in	
	USD RM	SGD RM	HKD RM
Group			
2010			
Trade receivables	1,926,446	54,720	-
Trade payables	(295,603)	-	-
Forward exchange contracts	16,418	-	-
Net exposure	1,647,261	54,720	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. FINANCIAL INSTRUMENTS (continued)

24.6 Market risk (continued)

24.6.1 Currency Risk (continued)

	Denominated in USD RM	Denominated in SGD RM	Denominated in HKD RM
Group			
2009			
Trade receivables	307,313	53,216	761,160
Trade payables	(751,855)	-	-
Net exposure	(444,542)	53,216	761,260

	Denominated in USD RM	Denominated in SGD RM	Denominated in HKD RM
Company			
2010			
Trade receivables	1,882,736	54,720	-
Intra-group balances	1,362,276	-	-
Forward exchange contracts	16,418	-	-
Net exposure	3,261,430	54,720	-
2009			
Trade receivables	238,099	53,216	761,260
Intra-group balances	1,864,690	-	-
Net exposure	2,102,789	53,216	761,260

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have a Ringgit Malaysia (RM) currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

A 10% strengthening of the RM against the following currencies at the end of the reporting period would have decreased equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Equity RM	Profit or loss RM
Group		
2010		
USD	-	274,588
SGD	79,521	7,217

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. FINANCIAL INSTRUMENTS (continued)

24.6 Market risk (continued)

24.6.1 Currency Risk (continued)

	Profit or loss RM
Company	
2010	
USD	436,189
SGD	7,217

A 10% weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

24.6.2 Interest rate risk

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Floating rate instruments				
Financial liabilities	5,463,230	6,344,000	5,463,230	6,344,000

Interest rate risk sensitivity analysis

(a) *Cash flow sensitivity analysis for variable rate instruments*

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

	Profit or loss	
	50 bp increase RM	50 bp decrease RM
Group/Company		
2010		
Floating rate instruments	27,316	(27,316)

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. FINANCIAL INSTRUMENTS (continued)

24.7 Fair value of financial instruments

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

It was not practicable to estimate the fair value of the Company's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair values of other financial assets together with their carrying amounts shown in the statement of financial position are as follows :

	2010		2009	
	Carrying amount RM	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Group/Company				
Forward exchange contracts – assets	16,418	16,418	-	-

Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

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

25. CAPITAL MANAGEMENT

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

The debt-to-equity ratios at 31 December 2010 and at 31 December 2009 were as follows :

	2010 RM	**2009 RM**
Total borrowings (Note 14)	5,463,230	6,344,000
Less: Cash and bank balances	(1,478,055)	(2,546,269)
Net debt	3,985,175	3,797,731
Total equity	61,628,372	59,844,609
Debt-to-equity ratio	0.065	0.063

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. CAPITAL MANAGEMENT (continued)

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

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

26. OPERATING LEASES - GROUP

Leases as leasee

Non-cancellable operating lease rental are payable as follows :

	2010 RM	2009 RM
Less than one year	196,350	90,197
Between one and five years	98,175	-
	294,525	90,197

A subsidiary leases an office under operating leases with a term of more than one year.

27. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

FRS 139, Financial Instruments : Recognition and Measurement

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

Derivatives

Prior to the adoption of FRS 139, derivative contracts were recognised in the financial statements on settlement date. With the adoption of FRS 139, derivative contracts are now categorised as fair value through profit or loss and measured at their fair values with the gain or loss recognised in the profit or loss.

Impairment of trade and other receivables

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

The adoption of FRS 139 in regards to the impairment of trade and other receivables did not have a significant impact on the financial statements of the Group and no adjustments arising from remeasuring the financial instruments at the beginning of the financial year were necessary to be adjusted against the opening balance of retained earnings or another appropriate reserve.

FRS 8, Operating Segments

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (continued)

FRS 101, Presentation of Financial Statements (revised)

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

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

28. COMPARATIVE FIGURES

FRS 101, Presentation of Financial Statements (revised)

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

29. SIGNIFICANT EVENT DURING THE YEAR

During the financial year, the Company entered into a Sales and Purchase Agreement with a third party to dispose of its factory building, classified as investment properties, with a net book value of RM2,067,883. Gain arising from this disposal amounted to RM2,035,568.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

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

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

	Group 2010 RM	Company 2010 RM
Total retained earnings of the Company and its subsidiaries :		
- Realised gain	14,196,272	11,976,536
- Unrealised loss	(35,383)	(358,084)
Total retained earnings at 31 December	14,160,889	11,618,452

STATEMENT BY DIRECTORS

pursuant to Section 196(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 36 to 88 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2010 and of their financial performance and cash flows for the financial year ended on that date.

In the opinion of the Directors, the information set out in Note 30 to the financial statements has been compiled 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, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

....
Lai Kim Hean

....
Koay Then Hin

Penang,
Date : 21 April 2011

STATUTORY DECLARATION

pursuant to Section 196(16) of the Companies Act, 1965

I, **Lai Kim Hean**, the Director primarily responsible for the financial management of Central Industrial Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 36 to 89 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 21 April 2011.

....
Lai Kim Hean

Before me :

CHEAH BENG SUN (No. P.103)
DJN, AMN, PKT, PJK, PJM, PK
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Penang

INDEPENDENT AUDITORS' REPORT

to the members of Central Industrial Corporation Berhad

Report on the Financial Statements

We have audited the financial statements of Central Industrial Corporation Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 88.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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 the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

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

b) We have considered the accounts and the auditors' report of the subsidiaries of which we have not acted as auditors, which is indicated in Note 6 to the financial statements.

INDEPENDENT AUDITORS' REPORT
to the members of Central Industrial Corporation Berhad (continued)

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

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 30 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

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

KPMG
AF 0758
Chartered Accountants

Ng Swee Weng
1414/03/12 (J/PH)
Chartered Accountant

Date : 21 April 2011
Penang

ANALYSIS OF SHAREHOLDINGS
as at 30 April 2011

Authorised share capital	RM50,000,000
Issued and fully paid-up capital	RM45,780,000
Class of shares	Ordinary shares of RM1.00 each fully paid
Voting rights	One vote per RM1.00 share

BREAKDOWN OF SHAREHOLDINGS AS AT 30 APRIL 2011

Range of Shareholdings	No. of Holders	Percentage of Holders	No. of Shares	Percentage of Issued Capital
1 - 99	203	17.18	2,300	0.01
100 – 1,000	337	28.51	211,546	0.46
1,001 – 10,000	515	43.57	2,151,904	4.70
10,001 – 100,000	115	9.73	2,981,500	6.51
100,001 – 2,288,999 (*)	9	0.76	6,504,650	14.21
2,289,000 And Above (**)	3	0.25	33,928,100	74.11
TOTAL	1,182	100.00	45,780,000	100.00

Remark : * - less than 5% of issued holdings
** - 5% and above of issued holdings

DIRECTORS' SHAREHOLDINGS AS AT 30 APRIL 2011

	No. of Shares Held			
Name of Directors	Direct Interest	%	Indirect Interest	%
1. Lai Kim Hean	366,000	0.80	-	-
2. Dato' Lim Chee Meng	-	-	12,232,000	26.72

SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2011

	No. of Shares Held			
Name of Shareholders	Direct Interest	%	Indirect Interest	%
1. Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera	15,756,100	34.42	-	-
2. Malar Segar Sdn. Bhd.	12,232,000	26.72	-	-
3. Grand Column Investments Limited (a)	5,940,000	12.98	-	-
4. L.G.B. Holdings Sdn. Bhd. (b)	-	-	12,232,000	26.72
5. Dato' Lim Chee Meng (c)	-	-	12,232,000	26.72
6. Lim Chin Sean (d)	-	-	12,232,000	26.72

Notes :-
(a) Held through HSBC Nominees (Asing) Sdn. Bhd. – Exempt An For BNP Paribas Wealth Management Singapore Branch (Foreign)
(b) Deemed interested by virtue of its interest in Malar Segar Sdn. Bhd.
(c) Deemed interested by virtue of his interest in L.G.B. Holdings Sdn. Bhd.
(d) Deemed interested by virtue of his interest in L.G.B. Holdings Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS
as at 30 April 2011 (continued)

THIRTY (30) LARGEST SHAREHOLDERS AS AT 30 APRIL 2011

	Names of Shareholders	No. of Shares	Percentage (%)
(1)	Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera	15,756,100	34.42
(2)	Malar Segar Sdn. Bhd.	12,232,000	26.72
(3)	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For BNP Paribas Wealth Management Singapore Branch (Foreign)	5,940,000	12.98
(4)	Lambang Progresif Sdn. Bhd.	2,000,000	4.37
(5)	Ng Oi Han	1,300,000	2.84
(6)	Phang Wai Hoong	1,200,000	2.62
(7)	Juliet Yap Swee Hwang	620,200	1.35
(8)	Kembangan Sepadu Sdn. Bhd.	511,150	1.12
(9)	Lai Kim Hean	366,000	0.80
(10)	Lim, Yen Hsiu-Chuan	259,400	0.57
(11)	Yong Wo Moi	143,700	0.31
(12)	Yong Wo Moi	104,200	0.23
(13)	Khaw Chin Hong	100,000	0.22
(14)	Balakrisnen A/L Subban	100,000	0.22
(15)	Inter-Pacific Equity Nominees (Asing) Sdn. Bhd. - Kim Eng Securities PTE LTD for Tan How Nguang	100,000	0.22
(16)	Lau Mui Sen	100,000	0.22
(17)	Public Invest Nominees (Tempatan) Sdn. Bhd - Pledged Securities Account for Lai Miau Fong (M)	. 84,000	0.18
(18)	Citigroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chen Choong Fatt (470421)	70,000	0.15
(19)	ECML Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Khaw Chin Hong (002)	66,000	0.14
(20)	Koh Nai Cheng @ Koh Nai Chin	54,900	0.12
(21)	Mayban Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Kuan Shin Nyiap	52,000	0.11
(22)	Teoh Cheng Hoe	51,900	0.11
(23)	Khaw Kean Teck	50,000	0.11
(24)	Raymond Choo Pow Yoon	50,000	0.11
(25)	Law Seng @ Law Kim Swee	48,400	0.11
(26)	Mayban Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chung Chit Min	46,500	0.10
(27)	Teoh Yew Beng	45,500	0.10
(28)	Mayban Securities Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Khaw Chin Hong (STF)	42,400	0.09
(29)	Lee Nyet Ngor	40,000	0.09
(30)	Khaw Yee Kuan	39,000	0.09
		41,573,350	90.82

LIST OF MAJOR PROPERTIES
held as at 31 December 2010

Address/Location	Tenure	Year of Revaluation/ Acquisition	Area	Age of Building (Years)	Description/ Existing Use	Net Book Value (RM)
P.T. 8558/8559, Mukim Sungai Pasir Kuala Muda Kedah	Leasehold (Expiry : 2050)	2001	347,836 sq. ft.	20	Land with factory	10,357,489
No. 5-13.1, 5-13.2, 5-14.1, 5-14.2, 5-15.1, 5-15.2, 5-16.1, 5-16.2, 5-17.1, 5-17.2 and 5-18 Block A, Plaza Dwitasik, Phase 1, Bandar Sri Permaisuri, Off Jalan Permaisuri 1, Cheras, 56000 Kuala Lumpur.	Leasehold (Expiry : 2098)	2006	11,368 sq. ft.	12	Office Building	2,095,350

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PROXY FORM

Central Industrial Corporation Berhad
12186-K

Number of shares held	

I/We ____

of ____

being a member of **CENTRAL INDUSTRIAL CORPORATION BERHAD** hereby appoint ____________________

____

of ____

or failing him/her ____

of ____

as my/our proxy, to vote for me/us and on my/our behalf at the Thirty-Eighth Annual General Meeting of the Company to be held at Conference Room, Level 3, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor on Wednesday, 15 June 2011 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below :-

No	Resolutions	For	Against
1.	To receive Audited Financial Statements and reports		
2.	To approve the payment of a final dividend of 1.5% less 25% income tax		
3.	To approve the payment of the Directors' fees		
4.	To re-elect Dato' Lim Chee Meng		
5.	To re-elect Mr. Koay Then Hin		
6.	To re-elect Mr. Foo Kee Fatt		
7.	To re-appoint Mr. Lai Kim Hean as Director of the Company who retires pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting		
8.	To re-appoint Messrs KPMG as Auditors of the Company		
9.	To approve the proposed amendment to Article 133 of the Articles of Association		

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If you do not indicate how you wish to vote on any resolutions, the proxy will vote as he thinks fit or, at his discretion, abstain from voting.

Signed this _______ day of ____________ 2011

____
Signature/Common Seal of Appointer

Notes

1. *A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *A member may appoint more than 2 proxies to attend at the same meeting. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.*
3. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.*
5. *All forms of proxy must be deposited at the Registered Office of the Company situated at Suite 3A33, Block A2, Leisure Commerce Square, No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

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Affix Stamp
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The Company Secretary
CENTRAL INDUSTRIAL CORPORATION BERHAD (12186-K)

Suite 3A33, Block A2,
Leisure Commerce Square
No. 9, Jalan PJS 8/9
46150 Petaling Jaya, Selangor

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Central Industrial Corporation Berhad 12186-K

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