JHM CONSOLIDATION BERHAD (686148-A)

Annual Report 2010

Contents

Vision

To continuously acquire latest technologies in design and development by keeping abreast with global developments for the advancement of Microelectronics Components ("MEC") and benefits of our customers.

Mission

- To provide one-stop engineering solution to our customers, from the design and development of MEC to the complete design, fabrication and assembly of toolings for the manufacturing of these MEC.
- To continuously enhance our Research and Development ("R&D") capabilities to enable us to offer quality MEC to our customers at competitive pricing.
- To continuously strengthen the core competencies of the Group through on-going improvement on the employees' skills and knowledge.

Corporate Information

Board of Directors

Dato' Tan King Seng
(Executive Chairman/Managing Director)

Ooi Yeok Hock
(Executive Director)

Tan Chin Hong
(Executive Director)

Cheah Choon Ghee
(Executive Director)

Loh Chye Teik
(Senior Independent Non-Executive Director)

Teoh Yee Shien
(Independent Non-Executive Director)

Dato' Dr. Loh Hock Hun
(Independent Non-Executive Director)

Audit Committee

Loh Chye Teik (Chairman)
Teoh Yee Shien
Dato' Dr. Loh Hock Hun

Nomination Committee

Loh Chye Teik (Chairman)
Teoh Yee Shien
Dato' Dr. Loh Hock Hun

Remuneration Committee

Loh Chye Teik (Chairman)
Teoh Yee Shien
Ooi Yeok Hock

Company Secretaries

Chee Wai Hong (MIA 17181)
Foo Li Ling (MAICSA 7019557)

Registered Office

51-13-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Tel: 04-228 9700
Fax: 04-227 9800

Management Office

15-1-21 Bayan Point
Medan Kampung Relau
11900 Penang
Tel: 04-6465121
Fax: 04-6457326
Email: *corpinfo@jhm.net.my*
Website: *www.jhm.net.my*

Auditors

Grant Thornton
Chartered Accountants
51-8-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Tel: 04-228 7828
Fax: 04-227 9828

Share Registrar

Agriteum Share Registration
Services Sdn Bhd
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Tel: 04-228 2321
Fax: 04-227 2391

Principal Bankers

Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

Solicitors

Zaid Ibrahim & Co.

Stock Exchange Listing

ACE Market of Bursa Malaysia
Securities Berhad
Stock Name : JHM
Stock Code: 0127

Group Structure of JHM Group

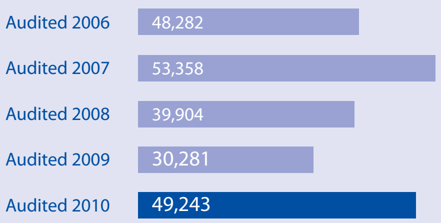
JHM CONSOLIDATION BERHAD (686148-A)

100%	100%
MORRISSEY TECHNOLOGY SDN BHD (525307-W)	JINGHENG ELECTRONIC PRECISION TECHNOLOGY SDN BHD (557981-X)

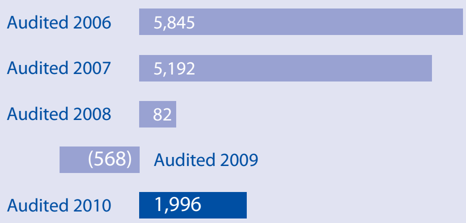
5 Years' Financial Highlights

Year ended 31 December	Audited				
	(Restated) 2006[1][2] (RM'000)	(Restated) 2007[2] (RM'000)	2008 (RM'000)	2009 (RM'000)	**2010 (RM'000)**
Revenue	48,282	53,358	39,904	30,281	**49,243**
Profit/(Loss) for the period	5,845	5,192	82	(568)	**1,996**
Gross Earnings/(Loss) per share (sen)	6.06	4.92	0.22	(0.44)	**2.05**
Net Earnings/(Loss) per share (sen)	6.11	4.22	0.07	(0.46)	**1.62**

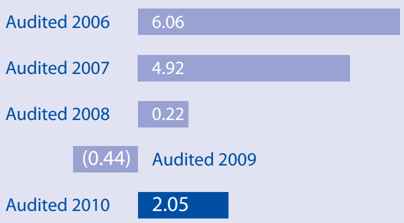
Revenue
RM'000



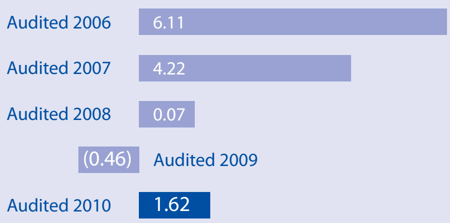
Profit/(Loss) for the period
RM'000



Gross Earnings/(Loss) per share
Sen



Net Earnings/(Loss) per share
Sen



Notes:-

1) Restated due to effect of bonus issue.

2) Restated due to adoption of FRS 112: Income Taxes.

Directors' Profile

Dato' Tan King Seng, aged 55, a Malaysian, is our Executive Chairman and Managing Director and was appointed to the Board on 13 April 2006. He graduated with a Bachelor of Science Degree in Mechanical Engineering from National Cheng Kung University of Taiwan in 1983. Dato' Tan started his career as an engineer with Intel Technology Sdn. Bhd. in 1984, and thereafter in Hewlett Packard Sdn. Bhd. in 1989. Prior to starting his own business in 1995, he was a Senior Production Engineer in charge of Optoelectronic Production in Hewlett Packard Sdn. Bhd.

He is a director and shareholder of Noble Matters Sdn. Bhd., which is a major shareholder of the Company.

Ooi Yeok Hock, aged 48, a Malaysian, is our Executive Director and was appointed to the Board on 13 April 2006. He serves as a member of the Remuneration Committee.

He is currently in charge of the R&D and Engineering Department of Morrissey Technology Sdn. Bhd. ("Morrissey"). He graduated with a Bachelor of Engineering Degree majoring in Mechanical Engineering from University of Strathclyde, United Kingdom in 1986 and subsequently obtained a Diploma in Electrical Engineering from City & Guilds (C&G), United Kingdom in 1990. Mr. Ooi started his career as a Senior Process Engineer with Northern Telecom Sdn. Bhd. in 1987. He left Northern Telecom Sdn. Bhd. in 1995 and joined Allied Stamping Corporation Sdn. Bhd. as its Operation and Engineering Manager responsible for the company's plant operation and engineering, a position which he held until 2000. Prior to joining Morrissey in 2001, he has more than 15 years of experience in engineering and production of MEC from multinational corporations in the United States of America, China and Malaysia.

Tan Chin Hong, aged 43, a Malaysian, is our Executive Director and was appointed to the Board on 13 April 2006. Mr. Tan started his career as a Machining Technician with Mifa Engineering Sdn. Bhd. in 1989. He joined Brusia Engineering Sdn. Bhd. as a Production Supervisor in 1992 and was promoted to Production Manager in 1994. He left Brusia Engineering Sdn. Bhd. in 1999 and joined Forward Matrix Sdn. Bhd. as the General Manager in charge of Factory Operation, a position which he held until July 2001. Prior to joining Morrissey in September 2001 as its Plant Manager, he has 10 years working experience in design and fabrication of tools and dies and 5 years working experience in production.

Cheah Choon Ghee, aged 48, a Malaysian, is our Executive Director and was appointed to the Board on 11 December 2007. Prior to his appointment to the Board, he is the Senior Administration Manager of our Group. He graduated with a Diploma in Electronic Engineering from Tunku Abdul Rahman College in 1984. Mr. Cheah started his career as an Assistant Engineer with National Semiconductor Sdn. Bhd. in 1985. He left National Semiconductor Sdn. Bhd. in 1989 and joined Cintronic Marketing Sdn. Bhd. as its Administrator Manager in charge of the company's operation until 1995. In 1996, Mr. Cheah joined Allied Stamping Corporation Sdn. Bhd. as its Sales Director overseeing the company's business and later left in year 2000. Currently, Mr. Cheah is in charge of the entire administration department of the JHM Group.

Loh Chye Teik, aged 52, a Malaysian, is our Senior Independent Non-Executive Director and was appointed to the Board on 13 April 2006. He serves as the Chairman of Audit Committee, Remuneration Committee and Nomination Committee. He graduated from University of Malaya, Kuala Lumpur with a Bachelor of Accounting (Honours) in 1984.

He is presently the Managing Partner of PKF Chartered Accountants and Managing Director of Interesources Tax Advisory Sdn. Bhd.. He is a member of both the Malaysian Institute of Accountants and the Malaysian Institute of Taxation. Mr. Loh started his career as an auditor in a Chartered Accountants firm in Penang in 1985 and proceeded to set up his own accountancy and audit firm in 1994, known as Tan & Loh Chartered Accountants, and held the position of the Managing Partner.

Directors' Profile

(Cont'd)

Teoh Yee Shien, aged 44, a Malaysian, is our Independent Non-Executive Director and was appointed to the Board on 13 April 2006. She serves as a member of Audit Committee, Remuneration Committee and Nomination Committee. She graduated with a Bachelor of Accounting from Universiti Utara Malaysia in 1991 and is a member of the Malaysian Institute of Accountants. She started her career in the audit division of Pricewaterhouse Coopers prior to joining Leader Universal Holdings Berhad as the Corporate Planning and Investment Manager for seven (7) years. She joined Prinsiptek Corporation Berhad in year 2003 as the Group Financial Controller. She leads Prinsiptek Corporation Berhad Group's accounts and finance team, legal department and corporate affairs department. She is actively involved in the Group's operations and corporate planning.

Dato' Dr. Loh Hock Hun, aged 66, a Malaysian, is our Independent Non-Executive Director and was appointed to the Board on 11 December 2007. He serves as a member of the Audit Committee and Nomination Committee.

He graduated with a Doctor of Medicine from Kaohsiung Medical University in Taiwan in 1974. Upon his return to Malaysia, Dato' Dr. Loh was employed by the General Hospital of Penang until 1980 where he entered into a partnership to open a clinic until 1999. In 1995, he became a State Assemblyman in the State Legislative Assembly of Penang, a position he held until February 2008. For the period from 1999 to 2004, Dato' Dr. Loh served his term as an Executive Councilor of the Penang State Government. In addition, in August 2004, Dato' Dr. Loh was appointed as a Chairman of the Penang Port Commission, a position he held until the end of 2008.

Notes:

1. Save for Mr. Tan Chin Hong who is the nephew of Dato' Tan King Seng, there are no other family relationships or associations amongst the directors or major shareholders of the Company.

2. All the Directors do not have any conflict of interest with the Company and they also had not been convicted of any offence within the past ten (10) years, other than traffic offences, if any.

3. The Directors' shareholdings are as disclosed in page 70 of this Annual Report.

Directors' Directorships and Substantial Shareholdings in Other Public Companies

None of our Directors hold or have held any directorships in other public companies, save for Mr. Loh Chye Teik, who is currently an Independent Non-Executive Director of Yen Global Berhad, Olympia Industries Berhad and Ivory Properties Group Berhad, companies listed on the Main Board of Bursa Malaysia Securities Berhad.

Chairman's Statement

On behalf of the Board of Directors of JHM Consolidation Berhad, I am honoured and pleased to present the Annual Report and Financial Statements of the Group and the Company for the Financial Year Ended (FYE) 31 December 2010.

Industry Trends And Development

We began the financial year 2010 on a cautious note, mindful that although the financial crisis was subsiding from the stimulus packages implemented by governments worldwide, the possibility of a double-dip recession was still lurking in the background.

The world economic landscape is constantly changing .During this past year, the global economy has been deeply affected by rising oil prices, unforeseen natural disasters and political upheaval worldwide which has resulted in a feeling of uncertainty all over the world. In addition, the economic health of United States of America and the global economies also continue affecting the general business sentiment globally.

Performance Review

Fortunately, after a worldwide economic down turn, the electronic and electrical industry rebounded strongly in Year 2009. This has enabled the Company to put itself back on track to profit. In Year 2010 the Company has recorded a net profit of RM2.00 million from a net loss of RM0.57 million in Year 2009.

The total revenue recorded for Year 2010 was RM49.24 million compared to RM30.28 million in preceding year. Revenue from components related to HB LED continued to be the major contributor of the Group which contributed approximately 71.42% of the total revenue recorded in Year 2010 followed by 21.62% in the sales of fine pitch connector pins.

Dividend

No dividend was declared for the financial year.

Corporate Development

The Company did not have any new corporate exercise during the FYE 31 December 2010.

Prospects

The Malaysian economy is projected to expand by 5.0% to 6.0% in 2011, mainly driven by domestic demand and supported by a favourable external factor. The current volatility in raw materials cost and fuel cost, lower marginal profits and the fluctuation in currency rates are a challenge to the Company's performance.

Despite all these challenges, the Board and the Management are optimistic of the Group's performance for the next financial year after a satisfactory performance for the financial year 2010.

Chairman's Statement
(Cont'd)

APPRECIATION

The Board of Directors wishes to take this opportunity to thank our employees for their dedicated effort and commitment towards the vision and mission of the Group. We also extend our deepest gratitude to our loyal shareholders as well as our customers, suppliers, bankers, business associates for their continued support, trust and confidence to our Group.

Finally, I would like to express my sincere appreciation and gratitude to my fellow Directors for their invaluable contributions and support throughout the year.

Thank you.

Dato' Tan King Seng
Executive Chairman/Managing Director

Corporate Governance Statement

The Board of Directors ("the Board") recognises the importance of practicing good corporate governance in directing the business of the Company to enhance business prospect and corporate performance and accountability with the ultimate objective of realizing long term shareholders' value and interest of other stakeholders.

The Board is fully committed towards ensuring the principles and best practices set out in Part 1 and Part 2 respectively in the Malaysian Code on Corporate Governance (Revised 2007) ("the Code") pursuant to Rule 15.25 of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") are applied and practiced throughout the Group.

The statement below sets out on how the Group has applied the principles and the extent of its compliance with the best practices throughout the financial year ended 31 December 2010.

A. BOARD OF DIRECTORS

Composition and Balance

The Company is led and managed by a well-balanced Board which consists of members with wide range of business, technical and financial background. The Board is entrusted with the proper stewardship of the Company's resources for the best interest of its shareholders and also to steer the Group towards achieving the maximum economic value. The members of the Board, who have extensive experience and expertise in a wide range of related and unrelated industries, have been selected based on their skills, knowledge and their ability to add strength to the leadership. The business and financial experience of each member of the Board has inevitably contributed to the success in steering the Group toward sustaining its financial performance. The Board recognises its roles in reviewing and adopting strategic plans as well as overseeing the conduct of the Group's business.

The Board is made up of seven (7) members as follows:-

- Four (4) Executive Directors
- Three (3) Independent Non-Executive Directors.

This is in compliance with the one-third requirement for Independent Directors to be appointed to the Board under AMLR. The profiles of the Directors are presented on pages 5 to 6 of this Annual Report.

There is a clear division of authority between the Executive Chairman/Managing Director and Executive Directors, to ensure a balance of power and authority. The Independent Non-Executive Directors are independent from Management and have no relationships that could interfere with the exercise of their independent judgement. They provide independent judgement to the decision making of the Board and acting for effective check and balance for the Executive Directors. As such, the Board is of the opinion that the position of the Executive Chairman and the position of the Managing Director need not be separated as this is in the best interest of the Group.

All decisions of the Board are made based on majority decision and no individual Board member can make any decision on behalf of the Board, unless duly authorised by the Board. As such, no individual or a group of individuals dominate the decision-making process.

Mr. Loh Chye Teik is the designated Senior Independent Non-Executive Director to whom concerns relating to the Company may be conveyed by shareholders or stakeholders.

Appointment to the Board

The Board has established the Nomination Committee for the purpose of making recommendations on suitable candidates for appointment to the Board and for assessing Directors on an ongoing basis. Candidates recommended must be approved and appointed by the Board. The Nomination Committee is responsible for recommending the right candidates with the required skills, experience and attributes to the Board for appointment.

Further details on the Nomination Committee are set out on page 11 of this Annual Report.

Retirement and Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the directors including the Managing Director shall retire by rotation from office at each Annual General Meeting ("AGM") and they shall be eligible for re-election at the AGM. The Directors to retire shall be the Directors who have been longest in office since their appointment or last re-election. In addition, all Directors including the Managing Director shall be subject to retirement by rotation at least once every three (3) years.

Directors who are standing for re-election at the Sixth AGM of the Company to be held on 30 May 2011 are as per detailed set out in the Notice of the Sixth AGM.

Corporate Governance Statement

(Cont'd)

A. BOARD OF DIRECTORS (Cont'd)

Board Meetings

The Board meets on scheduled basis at least four times a year with additional meetings convened as and when necessary. Besides Board meetings, the Board also exercises control on matters that require Board's approval through Directors' Circular Resolutions. Among others, key matters such as approval of annual and quarterly results, financial statements, major acquisitions and disposals, major capital expenditure, risk management policies are discussed and decided by the Board.

During the financial year, the Board met four (4) times. The details of attendance of the Directors during the financial year ended 31 December 2010 are as follows: -

Name of Director	Number of Meetings Attended	Percentage of Attendance
Dato' Tan King Seng	3/4	75%
Ooi Yeok Hock	4/4	100%
Tan Chin Hong	4/4	100%
Loh Chye Teik	4/4	100%
Teoh Yee Shien	4/4	100%
Dato' Dr. Loh Hock Hun	4/4	100%
Cheah Choon Ghee	4/4	100%

The Company Secretary ensures there is a quorum for all meetings and that such meetings are convened in accordance with the relevant Terms of Reference. The minutes prepared by the Company Secretary memorialise the proceedings of all meetings including pertinent issues, the substance of inquiries and responses, members' suggestions and the decision made. This reflects the fulfillment of the Board's fiduciary duties and the significant oversight role performed by the respective Board Committees.

Directors' Training

All members of the Board have attended and successfully completed the Mandatory Accreditation Programme as required by the Bursa Securities.

The Board of Directors is fully aware that to function effectively, they must keep themselves updated on relevant industry, regulatory and corporate governance developments through continuous training and attending conferences and seminars.

The following Directors have undergone the following training programmes:-

Name	No of days	Mode of Training	Title
Dato' Tan King Seng	One day	Seminar	Corporate Affair Updates
Ooi Yeok Hock	Two days	Training Program	Interpreting Accounting And Financial Statement Analysis
Tan Chin Hong	One day	Seminar	Corporate Affair Updates
Loh Chye Teik	Two days	Seminar	Building Financial Models for Decision Making
	One day	Seminar	Understand Technical Analysis, Trade Successfully
	Two days	Conference	National Tax Conference 2010
	Two days	Workshop	Risk-Based Auditing: A Value Add Proposition
	Four days	Congress	18th World Congress of Accountants 2010
Teoh Yee Shien	Half day	Workshop	Financial Instruments: FRS 139 and FRS 7
	One day	Summit	Regional CFO Summit 2010 CFOs in a Golden Age : Do You Measure Up?
	One day	Seminar	Corporate Tax Planning – Minimise Tax & Increase Profitability
	One day	Seminar	Tax Planning for Companies (with Budget 2011 updates)

A. BOARD OF DIRECTORS (Cont'd)

Directors' Training (Cont'd)

Name	No of days	Mode of Training	Title
Dato' Dr. Loh Hock Hun	Half-day	Seminar	Budget 2011 Proposals & Recent Developments
Cheah Choon Ghee	One day	Seminar	Seminar Percukaian Kebangsaan 2010

In addition to the above training attended, the Directors also received updates from time to time from Company Secretary on the amendments to the Listing Requirements, Companies Act,1965 as well as Malaysia Code on Corporate Governance.

Supply of Information

In order to carry out their duties effectively and diligently, all the Directors have been granted unrestricted access to all information pertaining to the Group's business and affairs as well advice and services of the Company Secretaries in order to assist them in their decision-making. Where necessary, the Directors may engage independent professionals, at the Group's expense, to advise them on specialised issues for the purpose of decision-making.

All Directors are given notice and agenda containing all relevant information ahead of the Board Meetings, to enable them to review, consider and deliberate knowledgeably on the issues and to facilitate decision making. Minutes of the previous Board Meeting are circulated in advance to the Board for review and confirmation at each Board Meeting. Matters requiring further actions and updates arising from previous meeting are identified to ensure all outstanding issues are sufficiently addressed and followed through and all further information is provided for decision making. The proceedings and resolutions passed at the each Board Meeting are minuted and kept in the statutory minutes book.

Committees of the Board

The Board, in discharging its fiduciary duties, is assisted by the following Board Committees which have been set up for specific functions. The term of reference for each committee have been approved by the Board and comply with the best practices recommended by the Code:-

- Audit Committee
- Nomination Committee
- Remuneration Committee

Audit Committee

The terms of reference of the Company's Audit Committee and its activities during the financial year are set out under the Audit Committee Report on pages 18 to 21 of this Annual Report.

Nomination Committee

The Nomination Committee currently comprises the following members :

Name	Designation
Loh Chye Teik (Chairman)	Senior Independent Non-Executive Director
Teoh Yee Shien	Independent Non-Executive Director
Dato' Dr. Loh Hock Hun (appointed on 25/2/2011)	Independent Non-Executive Director

The Committee consists entirely of Non-Executive Directors, where all its members are independent.

The Nomination Committee is responsible for nominating the right candidates with the required skills, experience and attributes for recommendation to and appointment by the Board. The Nomination Committee also recommends to the Board to fill the seats on the board committees. A familiarisation programme, including visits to the Group's business and operations premises and meetings with Senior Management will be arranged for new Directors to facilitate their understanding of the Group.

During the financial year, the committee has assessed the effectiveness of the Board, the committees of the board and the contribution of each individual director, including Independent Non-Executive Directors as well as reviewed the proposed re-election of the retiring Directors of the company. The Nomination Committee meets at least once a year and as and when necessary and may make decisions by way of circular resolutions.

Corporate Governance Statement

(Cont'd)

A. BOARD OF DIRECTORS (Cont'd)

Remuneration Committee

The Remuneration Committee currently comprises the following members :

Name of Directors	Designation
Loh Chye Teik (Chairman)	Senior Independent Non-Executive Director
Teoh Yee Shien	Independent Non-Executive Director
Ooi Yeok Hock	Executive Director

The Committee consists mainly of Non-Executive Directors, where two (2) out of the three (3) members are Independent Non-Executive Directors. The Committee is responsible for recommending to the Board the appropriate remuneration of the Executive Directors in all forms.

The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

The remuneration of the Non-Executive Directors is a matter for the Board as a whole and the Director concerned is required to abstain from deliberation and voting on decisions relating to his/her own remuneration. Directors' fees are subject to shareholders' approval at the forthcoming AGM.

B. DIRECTORS' REMUNERATION

The objective of the Company's policy on Directors' remuneration is to attract and retain Directors necessary to run the Company successfully. In general, the remuneration is structured so as to link rewards to corporate and individual performance, as in the case of the Executive Directors and senior management. As for the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken individually by the Director concerned.

The aggregate remuneration of the Company's Directors derived from the Group for the financial year under review is as follows:-

	Executive Directors RM	Non-Executive Directors RM	Total RM
Salary, bonus and EPF	706,831	-	706,831
Fee	-	54,000	54,000
Benefits-in-kind	34,500	-	34,500
Allowance	-	6,000	6,000
Total	741,331	60,000	801,331

The number of the Company's Directors whose total remunerations derived from the Group during the financial year under review that fall within the following bands is as follows: -

Range of Remuneration	Number of Executive Directors	Number of Non-Executive Directors
RM50,000 and below	-	3
RM50,001 – RM100,000	-	-
RM100,001 – RM150,000	2	-
RM150,001 – RM200,000	1	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	1	-
Total	4	3

The Board has chosen to disclose the aggregate remuneration of the Directors pursuant to the AMLR as the separate and detailed disclosure of individual Director's remuneration will not add significantly to the understanding and evaluation of the state of the Group's corporate governance.

C. SHAREHOLDERS

Dialogue between Company and Investors

The Group acknowledges the importance of timely dissemination of information to shareholders and accordingly, ensures that they are well informed of any major developments of the Group. Such information is communicated through:

- Announcements and corporate disclosure to Bursa Malaysia Securities Berhad that are available on the website www.bursamalaysia.com ;
- Company website at www.jhm.net.my provides corporate information on the Group;
- Annual Report of the Company.

AGM

The AGM is the principal forum for dialogue with all shareholders and the Board encourages shareholders to attend and participate in the AGM. Shareholders are provided with an opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns. Shareholders are also encouraged to participate in the question and answer session.

A copy of the Annual Report and the notice of the AGM are sent to all shareholders at least 21 days before the AGM. The notice of AGM is also published in a nationally circulated daily newspaper. The Board is available to respond to shareholder questions during the meeting. Where appropriate, the Board will undertake to provide written answers to any questions that cannot be readily answered at the meeting.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

Shareholders are also informed of and invited to attend any Extraordinary General Meetings through circulars and notices of meetings.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for presenting a clear, balanced and comprehensive assessment of the Group's financial position, performance and prospects each time release it's quarterly and audited financial statements to the shareholders, stakeholders and investors. The reports are prepared in accordance with the requirements of the Companies Act 1965, the AMLR, and the standards approved by Malaysian Accounting Standards Board ("MASB").

In addition, the Company has adopted appropriate accounting policies that have been consistently applied in the preparation of its accounting records to present a true and fair view of its financial performance.

The Audit Committee assists the Board in ensuring accuracy and adequacy of information by reviewing and recommending for adoption of information for disclosure.

The statement of Board of Directors' responsibility for preparing the annual audited financial statements pursuant to Rule 15.26 of the AMLR is set out on page 22 of this Annual Report.

Internal Control

The Board affirms the importance of maintaining a sound system of internal controls and risk management practices to good corporate governance. In order to enhance consistency within the Group, the Board has appointed an external consultant, Finfield Corporate Services Sdn. Bhd. to provide professional services for internal control assessment and to carry out internal audit function for the Group.

The Statement on Internal Control set out on pages 16 to 17 of this Annual Report provides an overview of the state of internal controls within the Group.

D. ACCOUNTABILITY AND AUDIT (Cont'd)

Relationship with the Auditors

The Board has appropriately established a formal and transparent relationship with the Group's auditors. The role of the Audit Committee in relation to the External Auditors may be found in the Audit Committee Report set out on pages 18 to 21 of this Annual Report.

Statement of Compliance with the Best Practices in Corporate Governance

The Company is committed to achieving high standards of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings. The Board considers that it has complied throughout the financial year with the Best Practices in Corporate Governance set out in Part 2 of the Malaysian Code on Corporate Governance.

This statement is made in accordance with the resolution of the Board dated 22 April 2011.

Statement on Corporate Social Responsibility (CSR)

The Group is driven by the belief that in pursuit of any business objective, we need to strike a balance between profitability and contributions to the social welfare of employees and environmental responsibilities. We are committed in conducting our business with integrity. The Group's commitment to CSR is demonstrated and continuously improved by emphasizing the importance of our employees and environment.

EMPLOYEES

We strongly believe that human capital is the most important value to an organisation. In retaining the best talents, we continually provide our employees with education and training. Employee Training and Development which is carried out internally and externally aimed at equipping our employees with skills and knowledge related to projects and tasks handled by them so that these may be executed to meet customers' needs and expectation.

Training on industrial safety is frequently conducted to ensure high level of awareness on safety requirements at all levels as we operate in an environment where there are a lot of machineries and dust particles. We are also complied with the requirements of the Occupational Safety and Health legislation and is committed to pursuing, implementing and continuously improving the safety and health system within our organisation.

ENVIRONMENT

As part of our corporate social responsibility agenda, the Group ensured strict compliance with the environmental laws governing plant operations, maintenance in areas relating to environmental standards, emission standards and noise level management. This is in line with our manufacturing factories being certified as an ISO 14001 organization holder by an international body.

In addition, the Group has also initiated among its staff awareness towards recycling of waste materials, and continuous improvements in our manufacturing process. These steps contribute towards a greener environment.

Statement on Internal Control

INTRODUCTION

Pursuant to Rule 15.26 (b) of the AMLR, the Board 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 issued by the Institute of Internal Auditors Malaysia and as adopted by Bursa Malaysia Securities Berhad.

BOARD RESPONSIBILITY

The Board is responsible for the adequacy and effectiveness of the Group's internal control system. Its commitment to uphold the spirit of the internal control as compared to the mere compliance with the listing requirements will cultivate the positive culture within the Group to prevent total corporate failure. A proper internal control system will safeguard shareholders' investment and ensure accurate information to be presented in the financial statements.

The Board acknowledges the limitations exist in any of internal control system formulated and the system is designed to mitigate the risk of failure in achieving its business objectives. Hence, it will only manage to provide reasonable but not absolute assurance against material misstatement or loss, contingencies, fraud or any irregularities.

RISK MANAGEMENT FRAMEWORK

An independent professional firm was engaged by the Company to assist the Board in establishing a risk management framework for the Group. The risk profiles of the various operating units in the Group were compiled. Since then, major business risks and their possible impact and likelihood of crystallization have been evaluated by the key executives, reviewed and endorsed by senior management and subsequently by the Board.

KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROLS

The key elements of the Group's control mechanism are described as follows:

- giving authority to the Board Committee members to investigate and report on any areas of improvement for the betterment of the Group;
- performing in-depth study on major variances and deliberating irregularities in the Board meetings and Audit Committee meetings so as to identify the causes of the problems and formulate solutions to resolve them;
- delegating necessary authority to the Managing Director in order for him to play a major role as the link between the Board and Senior Management in implementing the Board's expectation of effective system of internal control and managing the Group's various operations;
- keeping the Management informed on the development of action plan for enhancing system of internal control and allowing various management personnel to have access to important information for better decision-making;
- making frequent on-site visits to the business and operations premises by Senior Management personnel so as to acquire a first hand view on various operational matters and addressing the issues accordingly;
- monitoring key commercial, operational and financial risks through reviewing the system of internal control and other operational structures so as to ensure that reasonable assurance on the effectiveness and efficiency of the same will mitigate the various risks faced by the Group to an appropriate level acceptable to the Board; and
- systematic and regular audit on the compliance of ISO 14001, ISO 9001 and TS 16949.

Statement on Internal Control

(Cont'd)

INTERNAL AUDIT FUNCTION

To ensure the system of internal control is functioning effectively, the internal audit function of the Company has been outsourced to an external consultant and the Board relies on their expertise to provide it with much assurance about the state of internal control of the Group. The internal auditors report directly to the Audit Committee. During the course of carrying out their reviews, full cooperation and unrestricted access to all information was given in order to discharge their duties. The fees paid to the internal auditors in respect of the internal audit functions of the Group for the financial year amounted to RM14,700.

The internal audit function adopts a risk-based approach in carrying out its internal audit works. Together with the management, the internal auditors have identified and prioritise risks that are relevant to the Group and have map out the Group's risk profile. Based on the risk profile, the internal audit function prepares its audit plan by focusing on areas of high risk.

During the financial year, the internal auditors have identified some weaknesses in the internal control and these together with improvement recommendations have been reported to the Audit Committee. However, none of the weaknesses have resulted in material losses, contingencies or uncertainties to the Group.

Overall, the Board and Management are satisfied that the process of identifying, evaluating and managing significant risks that may affect achievement of the Group's business objectives are in place. On going effort to strengthen the internal control environment is carried out after taking into consideration the recommendations from the internal auditors.

This statement is guided by the "Statement on Internal Control - Guidance for Directors of Public Listed Companies" and in accordance with the resolution of the Board dated 22 April 2011. This Statement on Internal Control has been reviewed by the External Auditors.

Audit Committee Report

FORMATION
The Audit Committee was formed by the Board of Directors on 14 April 2006.

MEMBERS
The Audit Committee currently consists of the following members : -
1. Loh Chye Teik - Chairman
   (Senior Independent Non-Executive Director)
2. Teoh Yee Shien - Member
   (Independent Non-Executive Director)
3. Dato' Dr. Loh Hock Hun - Member
   (Independent Non-Executive Director)

MEETINGS AND ATTENDANCE

The Audit Committee held four (4) meetings during the financial year. The attendance of the Committee members is as follows: -

Name of Committee Members	Number of Meetings Attended	Percentage of Attendance
Loh Chye Teik	4/4	100%
Teoh Yee Shien	4/4	100%
Dato' Dr. Loh Hock Hun	4/4	100%

The Audit Committee meetings were attended by the Committee members and Senior Management. The Company Secretary acted as Secretary at the meetings to record and maintains minutes for the proceedings of the meetings.

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are as follows: -

1. **MEMBERSHIP**
   The Board should establish an audit committee of at least three directors, a majority of whom must be independent Non-Executive Directors with written terms of reference which deal clearly with its authority and duties. All members of the Committee should be Non-Executive Directors of the Company and all members of the Committee should be financially literate. At least one member of the Committee:-

   - must be member of the Malaysian Institute of Accountants; or
   - if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years of working experience and
     - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
     - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedules of the Accountants Act, 1967; or
     - fulfills such other requirements as prescribed or approved by the Exchange.

   The members of the Committee shall elect the Chairman from among their number who shall be an Independent Non-Executive Director. An alternate director shall not be a member of the Audit Committee.

   If a Member of the Committee for any reason ceases to be a Member of the Committee with the result that the number of Member is reduced below (3), the Board shall within three (3) months of that event, appoint such number of new Member as may be required to make up the minimum number of three (3) Members.

2. **ATTENDANCE AT MEETINGS**
   The finance director, representatives of the Internal Auditor and representatives of the external auditors will be invited to some of the Audit Committee meetings. Other board members and employees may attend any particular audit committee meeting only at the Audit committee's invitation, specific to the relevant meeting. At least twice a year, the Committee shall meet with external auditors without the presence of the Executive Directors. The Company Secretary shall be the secretary of the Committee.

Audit Committee Report
(Cont'd)

3. FREQUENCY AT MEETINGS

Meetings will be held not less than four times a year. Additional meetings may be held at the discretion of the Committee or at the request of external auditors. The external auditors may request a meeting if they consider that one is necessary. The quorum for any meeting shall be two and the majority members of the Committee present must be Independent Non-Executive Directors.

The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the Chairman, the chief executive officer, the finance director, the head of the internal audit and the external auditors in order to be kept informed of matters affecting the Company.

4. RETIREMENT AND RESIGNATION

In the event of any vacancy in an audit committee resulting from resignation or for any other reason that the number of the audit committee members is reduced to below three, a listed company must fill the vacancy within 3 months.

5. AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference, the resources it needs to do so and full access to information pertaining to the Company. The Committee should have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity and be able to obtain external professional advice and to invite outsiders with relevant experience to attend, if necessary. The Committee should be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the listed company, whenever deemed necessary. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

6. DUTIES

The duties of the Committee shall include:-

a) to consider the appointment/nomination/suitability of the external auditors, their audit fees and any question of their resignation or dismissal and to recommend to the Board.

b) to discuss with the external auditors before the audit commences, the nature and scope of their audit, their evaluation of the system of internal accounting controls and to ensure co-ordination where more than one audit firm is involved.

c) to discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of management where necessary).

d) to keep under review the effectiveness of internal control system and, in particular, review external auditors' management letter and management's response.

e) to do the following, in relation to the internal audit function

- review the adequacy of the scope, functions, competency and resources of the internal audit functions, and to ensure that it has the necessary authority to carry out its work;
- review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior members of the internal audit function; and
- take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

f) to review the quarterly results and year-end financial statements of the Company and the Group, prior to the approval by the Board, whilst ensuring that they are prepared in a timely and accurate manner, focusing particularly on:-

- public announcements of results and dividend payment;
- any changes in or implementation of major accounting policies and practices;
- major judgmental areas;
- significant adjustments resulting from the audit;
- the going-concern assumption;
- compliance with accounting standards;
- compliance with Bursa Securities and legal requirements; and
- significant and unusual events.

Audit Committee Report

(Cont'd)

6. DUTIES (Cont'd)

g) to consider/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.

h) to consider the major findings of internal investigations and management's response and ensure co-ordination between the internal and external auditors.

i) to review and verify the allocation of share options granted to employees pursuant to the Employees share option scheme, transactions, procedure or course of conduct that raises questions of management integrity.

j) to review with the external auditor, his audit report.

k) to review with the external auditor the assistance given by the employees of the Company.

l) to review with the Board of Directors of the Company whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.

m) to consider/carry out such other functions and consider other topics, as may be agreed upon by the Board.

7. REPORTING PROCEDURES

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

SUMMARY OF ACTIVITIES

In discharging its functions and duties, during the financial year the Committee has considered, reviewed, approved and discussed the following:-

- the audited financial statements for the financial year ended 31 December 2009;
- the financial results for the quarters ended 31 December 2009, 31 March 2010, 30 June 2010 and 30 September 2010;
- the external audit plan with external auditors;
- audit reports prepared by the Internal Auditors, considered their material findings and assess the Management's responses and actions thereto;
- the nature and scope of audit plan for the financial year ended 31 December 2010 before the commencement of audit together with the External Auditors;
- the results and issues arising from External Auditors' audit on the financial year end statements and their resolutions of such issues highlighted in their report to the Committee together with the External Auditors; and
- related party transactions and report the same to the Board.

EMPLOYEES SHARE OPTION SCHEME

The Company had on 17 May 2006 and 15 June 2006 obtained approvals from the Securities Commission and the shareholders respectively to establish an Employee Share Option Scheme ("ESOS") with duration of five years from 1 August 2006.

During the financial year, no allocation of share options was made by the Company pursuant to the ESOS and no share options were exercised under the ESOS.

Audit Committee Report
(Cont'd)

INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The Group has outsourced its internal audit function to an independent consulting firm. In order to act independently from the management, the external consultant will report directly to the Audit Committee and assists the Board in monitoring and reviewing the effectiveness of the risk management, internal control and governance process within the Group.

The Audit Committee approved the internal audit plan presented by the external consultant. The internal audit plan is derived based on a risk-based assessment of all units and operations of the Group. The internal audit reports highlight any deficiencies or findings which are discussed with the management and relevant action plans agreed and to be implemented. Significant findings are presented in the Audit Committee Meetings for consideration and reporting to the Board. A follow-up audit review is also conducted to determine whether all audit recommendations are effectively implemented.

Further details on the internal audit function and its activities are set out in the Statement on Internal Control on pages 16 to 17 of this Annual Report.

The Board is of the view that there is no significant breakdown or weaknesses in the systems of internal controls of the Group that may result in material losses incurred by the Group for the financial year ended 31 December 2010.

Statement of Directors' Responsibility

In Relation to the Audited Financial Statements

This statement is prepared pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

The Directors are required to prepare audited financial statements that give a true and fair view of the state of affairs, including the cash flow and results, of the Group and the Company as at the end of each financial year.

In preparing these financial statements, the Directors have considered the following:-

- The Group and the Company have used appropriate accounting policies, and are consistently applied;
- That reasonable and prudent judgements and estimates were made; and
- That the approved accounting standards in Malaysia have been applied.

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

The Directors have general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

This statement is made in accordance with the resolution passed by the Board Of Directors dated 22 April 2011.

Additional Compliance Information

Share Buyback

There were no share buyback of the Company's shares during the financial year.

Options Or Convertible Securities

There were no options or convertible securities exercised during the financial year as the Company has not issued any options or convertible securities.

American Depository Receipts ("ADR") And Global Depository Receipts ("GDR")

The Company did not sponsor any ADR and GDR during the financial year.

Imposition Of Sanctions And/Or Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year under review.

Non-audit Fees Paid to External Auditors

During the financial year ended 31 December 2010, no non-audit fees were paid to the external auditors other than the taxation fees amounting to RM9,555 paid to a company in which certain partners of the audit firm are shareholders and directors.

Profit Estimate, Forecast Or Projection

The Company did not issue or announce any profit estimate, forecast or projection to the public for the financial year.

Profit Guarantee

During the financial year, the Company did not receive any profit guarantee from any parties.

Material Contracts Or Loans

There were no material contracts or loans entered into by the Company and its subsidiaries involving Directors' and major shareholders either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

Recurrent Related Party Transactions of a Revenue Or Trading Nature

The Company does not have any recurrent related party transactions of a revenue or trading nature during the financial year.

Revaluation Policy On Landed Properties

The Company does not have a policy of regular revaluation of landed properties.

Variation In Result

There were no material variations between the audited results for the financial year ended 31 December 2010 over the unaudited results released for the financial quarter ended 31 December 2010.

Utilisation of Proceeds

During the financial year, there were no proceed raised by the Company from any corporate exercise.

Financial Statements

Directors' Report

For The Financial 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 financial year ended **31 December 2010**.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are shown in Note 4 to the financial statements.

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

RESULTS

	GROUP RM	COMPANY RM
Profit/(Loss) after taxation for the year	1,996,394	(144,007)

In the opinion of the directors, 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.

DIVIDENDS

No dividend has been declared by the Company since the end of the previous financial year.

The directors do not recommend any dividend payment for the financial year.

RESERVES AND PROVISIONS

There are no material transfers to or from reserves or provisions during the financial year.

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any share or debenture and did not grant any option to anyone to take up unissued shares of the Company.

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The Company's ESOS was approved by the Securities Commission ("SC") and the members on 17 May 2006 and 15 June 2006 respectively and will be in force for a duration of five years from 1 August 2006.

As at the end of the reporting period, no options were granted.

The salient features of the ESOS are disclosed in the notes to the financial statements.

DIRECTORS

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

Dato' Tan King Seng
Ooi Yeok Hock
Tan Chin Hong
Cheah Choon Ghee
Loh Chye Teik
Teoh Yee Shien
Dato' Dr. Loh Hock Hun

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows :

	---- Number of ordinary shares of RM0.10 each ----			
	Balance at 1.1.10	**Bought**	**Sold**	**Balance at 31.12.10**
The Company				
Direct interest :				
Dato' Tan King Seng	42,707,379	-	-	42,707,379
Ooi Yeok Hock	4,476,938	1,382,000	(1,000,000)	4,858,938
Tan Chin Hong	3,105,496	-	-	3,105,496
Cheah Choon Ghee	3,207,500	-	-	3,207,500
Deemed interest :				
Dato' Tan King Seng	33,589,358	-	-	33,589,358
* **Other interest :**				
Ooi Yeok Hock	1,500,000	-	-	1,500,000

* By virtue of interest of the spouse

By virtue of his shareholdings in the shares of the Company, **Dato' Tan King Seng** is also deemed interested in all the subsidiaries, to the extent that it has interests.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with a 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.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts, and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected to realise.

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

(i) that would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Group and of the Company, or

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

(iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, or

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

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 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 the Group and of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

AUDITORS

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors :

....	....
Dato' Tan King Seng	Ooi Yeok Hock

Penang,

Date : 22 April 2011

Directors' Statement

We, **Dato' Tan King Seng** and **Ooi Yeok Hock**, being two of the directors of **JHM Consolidation Berhad** state that in the opinion of the directors, the financial statements set out on pages 31 to 67 are properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 December 2010** and of their financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the directors :

....	....
Dato' Tan King Seng	**Ooi Yeok Hock**

Date : 22 April 2011

Statutory Declaration

I, **Lim Kah Hoon**, the officer primarily responsible for the financial management of **JHM Consolidation Berhad** do solemnly and sincerely declare that the financial statements set out on pages 31 to 67 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 Penang, this)
day of 22 April 2011)

....
Lim Kah Hoon

Before me,

....
Goh Suan Bee
No. : P125
Commissioner for Oaths

Independent Auditors' Report

to the Members of JHM CONSOLIDATION BERHAD
Company No. 686148-A (Incorporated In Malaysia)

Report on the Financial Statements

We have audited the financial statements of **JHM Consolidation Berhad**, which comprise the statements of financial position as at **31 December 2010** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 67.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements 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 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 at **31 December 2010** and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act,
(b) 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, and
(c) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report

to the Members of JHM CONSOLIDATION BERHAD
Company No. 686148-A (Incorporated In Malaysia)

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.

Other Reporting Responsibilities

The supplementary information set out in Note 27 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Grant Thornton
No. AF : 0042
Chartered Accountants

Hooi Kok Mun
Partner
No. 2207/01/12 (J)
Chartered Accountant

Date : 22 April 2011

Penang

Consolidated Statement Of Financial Position

As At 31 December 2010

	NOTE	2010 RM	2009 RM
ASSETS			
Non-current assets			
Property, plant and equipment	3	17,653,857	16,871,806
Development costs	5	740,795	1,060,014
		18,394,652	17,931,820
Current assets			
Inventories	6	7,969,949	5,188,069
Trade receivables	7	9,614,422	9,334,003
Other receivables, deposits and prepayments		608,087	386,286
Tax recoverable		146,777	925,444
Cash and cash equivalents	9	1,370,020	1,557,313
		19,709,255	17,391,115
TOTAL ASSETS		38,103,907	35,322,935
EQUITY AND LIABILITIES			
Share capital	10	12,300,000	12,300,000
Share premium	11	2,953,447	2,953,447
Retained profits		9,357,364	7,360,970
Total equity		24,610,811	22,614,417
Non-current liabilities			
Finance lease liabilities	12	493,031	977,996
Deferred tax liabilities	13	155,500	217,000
		648,531	1,194,996
Current liabilities			
Trade payables	14	8,570,311	7,701,503
Other payables and accruals	15	3,698,986	2,564,511
Finance lease liabilities	12	575,268	1,247,508
		12,844,565	11,513,522
Total liabilities		13,493,096	12,708,518
TOTAL EQUITY AND LIABILITIES		38,103,907	35,322,935

The notes set out on pages 40 to 67 form an integral part of these financial statements.

Consolidated Statement Of Comprehensive Income

For The Financial Year Ended 31 December 2010

	NOTE	2010 RM	2009 RM
Revenue	16	**49,243,202**	30,280,973
Cost of sales		**(45,964,356)**	(29,353,131)
Gross profit		**3,278,846**	927,842
Other income		**3,731,336**	2,393,674
Administrative expenses		**(4,401,279)**	(3,692,037)
Operating profit/(loss)		**2,608,903**	(370,521)
Finance costs		**(82,959)**	(176,046)
Profit/(Loss) before taxation	17	**2,525,944**	(546,567)
Taxation	18	**(529,550)**	(21,565)
Profit/(Loss) for the year, representing total comprehensive income/(loss) for the year		**1,996,394**	(568,132)
Earnings/(Loss) per share (sen)	19	**1.62**	(0.46)

The notes set out on pages 40 to 67 form an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2010

	Share Capital RM	Non-distributable Share Premium RM	Distributable Retained Profits RM	Total Equity RM
2010				
At 1 January	**12,300,000**	**2,953,447**	**7,360,970**	**22,614,417**
Total comprehensive income for the year	-	-	**1,996,394**	**1,996,394**
At 31 December	**12,300,000**	**2,953,447**	**9,357,364**	**24,610,811**
2009				
At 1 January	12,300,000	2,953,447	7,929,102	23,182,549
Total comprehensive loss for the year	-	-	(568,132)	(568,132)
At 31 December	12,300,000	2,953,447	7,360,970	22,614,417

The notes set out on pages 40 to 67 form an integral part of these financial statements.

Consolidated Statement Of Cash Flows

For The Financial Year Ended 31 December 2010

	2010 RM	2009 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	**2,525,944**	(546,567)
Adjustments for :		
Amortisation of development costs	**406,207**	223,525
Depreciation	**3,206,379**	3,046,632
Gain on disposal of property, plant and equipment	**(5,176)**	(52,083)
Interest expense	**82,959**	176,046
Interest income	**(1,002)**	(10,168)
Inventories written down	**147,528**	-
Unrealised gain on foreign exchange	**(17,508)**	(38,765)
Operating profit before working capital changes	**6,345,331**	2,798,620
(Increase)/Decrease in inventories	**(2,929,408)**	1,548,277
Increase in receivables	**(442,879)**	(7,423,347)
Increase in payables	**1,961,450**	3,438,621
Cash generated from operations	**4,934,494**	362,171
Income tax paid	**(34,375)**	(170,834)
Income tax refund	**221,992**	316,821
Interest paid	**(82,959)**	(176,046)
Net cash from operating activities	**5,039,152**	332,112
CASH FLOWS FROM INVESTING ACTIVITIES		
Development costs	**(86,988)**	(83,583)
Interest received	**1,002**	10,168
Proceeds from disposal of property, plant and equipment	**8,530**	88,222
* Purchase of property, plant and equipment	**(3,896,784)**	(1,013,240)
Net cash used in investing activities	**(3,974,240)**	(998,433)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**-**	(1,230,000)
Payment of finance lease	**(1,252,205)**	(1,736,240)
Net cash used in financing activities	**(1,252,205)**	(2,966,240)
NET DECREASE IN CASH AND CASH EQUIVALENTS CARRIED FORWARD	**(187,293)**	(3,632,561)

The notes set out on pages 40 to 67 form an integral part of these financial statements.

Consolidated Statement Of Cash Flows

For The Financial Year Ended 31 December 2010 (Cont'd)

	2010 RM	2009 RM
NET DECREASE IN CASH AND CASH EQUIVALENTS BROUGHT FORWARD	**(187,293)**	(3,632,561)
Effects of changes in exchange rates	-	38,668
CASH AND CASH EQUIVALENTS AT BEGINNING	**1,557,313**	5,151,206
CASH AND CASH EQUIVALENTS AT END	**1,370,020**	1,557,313
Represented by :		
Short term funds with a licensed financial institution	**2,298**	51,427
Cash and bank balances	**1,367,722**	1,505,886
	1,370,020	1,557,313
* **Purchase of property, plant and equipment**		
Total acquisition cost	**3,991,784**	1,013,240
Acquired under finance lease	**(95,000)**	-
Total cash acquisition	**3,896,784**	1,013,240

The notes set out on pages 40 to 67 form an integral part of these financial statements.

Statement Of Financial Position

As At 31 December 2010

	NOTE	2010 RM	2009 RM
ASSETS			
Non-current assets			
Property, plant and equipment	3	**1,518**	1,576
Investment in subsidiaries	4	**6,085,998**	6,085,998
		6,087,516	6,087,574
Current assets			
Sundry deposit		**1,000**	1,000
Amount due from subsidiaries	8	**9,061,375**	8,851,375
Tax recoverable		**44,151**	44,151
Cash and cash equivalents	9	**21,938**	375,887
		9,128,464	9,272,413
TOTAL ASSETS		**15,215,980**	15,359,987
EQUITY AND LIABILITIES			
Share capital	10	**12,300,000**	12,300,000
Share premium	11	**2,953,447**	2,953,447
(Accumulated loss)/Retained profits		**(56,467)**	87,540
Total equity		**15,196,980**	15,340,987
Current liabilities			
Accruals	15	**19,000**	19,000
TOTAL EQUITY AND LIABILITIES		**15,215,980**	15,359,987

The notes set out on pages 40 to 67 form an integral part of these financial statements.

Statement Of Comprehensive Income

For The Financial Year Ended 31 December 2010

	NOTE	2010 RM	2009 RM
Revenue	**16**	**870**	1,267
Administrative expenses		**(144,877)**	(197,473)
Loss before taxation	**17**	**(144,007)**	(196,206)
Taxation	**18**	**-**	929
Loss for the year, representing total comprehensive loss for the year		**(144,007)**	(195,277)

The notes set out on pages 40 to 67 form an integral part of these financial statements.

Statement Of Changes In Equity

For The Financial Year Ended 31 December 2010

		Non-distributable		
	Share Capital RM	Share Premium RM	(Accumulated Loss)/ Retained Profits RM	Total Equity RM
2010				
At 1 January	**12,300,000**	**2,953,447**	**87,540**	**15,340,987**
Total comprehensive loss for the year	**-**	**-**	**(144,007)**	**(144,007)**
At 31 December	**12,300,000**	**2,953,447**	**(56,467)**	**15,196,980**
2009				
At 1 January	12,300,000	2,953,447	282,817	15,536,264
Total comprehensive loss for the year	-	-	(195,277)	(195,277)
At 31 December	12,300,000	2,953,447	87,540	15,340,987

The notes set out on pages 40 to 67 form an integral part of these financial statements.

Statement Of Cash Flows

For The Financial Year Ended 31 December 2010

	2010 RM	2009 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(144,007)**	(196,206)
Adjustments for :		
Depreciation	**58**	58
Interest income	**(870)**	(1,267)
Operating loss before working capital changes	**(144,819)**	(197,415)
Decrease in receivables	**-**	29,850
Increase in payables	**-**	400
Cash used in operations	**(144,819)**	(167,165)
Interest received	**870**	1,267
Net cash used in operating activities	**(143,949)**	(165,898)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**-**	(1,230,000)
Net change in subsidiaries balances	**(210,000)**	268,264
Net cash used in financing activities	**(210,000)**	(961,736)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(353,949)**	(1,127,634)
CASH AND CASH EQUIVALENTS AT BEGINNING	**375,887**	1,503,521
CASH AND CASH EQUIVALENTS AT END	**21,938**	375,887
Represented by :		
Short term funds with a licensed financial institution	**2,298**	51,427
Cash and bank balances	**19,640**	324,460
	21,938	375,887

The notes set out on pages 40 to 67 form an integral part of these financial statements.

Notes to the Financial Statements

31 DECEMBER 2010

1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are shown in Note 4 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 April 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

2.1 Basis of Preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the accounting policies below and in accordance with applicable Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

At the beginning of the current financial year, the Group and the Company have adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 July 2009 and 1 January 2010 as described fully in Note 2.3.

The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Significant Accounting Estimates and Judgements

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

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

2.2.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

2.2.2 Key sources of estimation uncertainty

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

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be 2 to 50 years. Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and residual values of the property, plant and equipment. Therefore future depreciation charges could be revised.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Significant Accounting Estimates and Judgements (Cont'd)

2.2.2 Key sources of estimation uncertainty (Cont'd)

(ii) Net realisable values of inventories

Reviews are made by management for damage, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

(iii) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk charactericstics.

2.3 Adoption of New and Revised FRSs

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial year except for the adoption of the following new and revised FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 July 2009 and 1 January 2010 :

(a) **Mandatory for financial periods beginning on or after 1 July 2009**

FRS 8	Operating Segments

The adoption of this FRS did not have a material impact on the presentation and disclosure.

(b) **Mandatory for financial periods beginning on or after 1 January 2010**

FRS 7	Financial Instruments : Disclosures
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 139	Financial Instruments : Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements. Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate
Amendments to FRS 2	Share Based Payment. Amendments relating to vesting conditions and cancellations
Amendments to FRS 132	Financial Instruments : Presentation. Amendments relating to puttable financial instruments and effective date and transition of the classification of compound instruments
Amendments to FRS 139, FRS 132 and IC Interpretation 9	Financial Instruments : Recognition and Measurement, Financial Instruments : Disclosure and Reassessment of Embedded Derivatives. Amendments relating to eligible hedged items, reclassification of financial assets and embedded derivatives

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Adoption of New and Revised FRSs (Cont'd)

(b) Mandatory for financial periods beginning on or after 1 January 2010 (Cont'd)

Improvements to FRSs issued in 2009 and mandatory for annual financial periods beginning on or after 1 January 2010.

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

FRS 4 Insurance Contract and TR *i*-3 Presentation of Financial Statements of Islamic Financial Institutions are effective for annual financial period beginning on or after 1 January 2010 but they are not relevant to the operations of the Group and of the Company.

Initial application of the above standards, amendments and interpretations did not have any material impact on the financial statements of the Company except for the following :

FRS 7 Financial Instruments : Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments : Disclosure and Presentation. FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of qualitative and quantitative information about the significance of financial instruments for the Group's and the Company's financial position and performance, the nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital.

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

FRS 8 Operating Segments

FRS 8, which replaces FRS 114_{2004} Segment Reporting, requires the identification of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers.

Prior to 1 January 2010, the Group identifies two sets of segments (business and geographical) using a risks and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. Following the adoption of FRS 8, the Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114_{2004}.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Adoption of New and Revised FRSs (Cont'd)

(b) **Mandatory for financial periods beginning on or after 1 January 2010 (Cont'd)**

FRS 101 Presentation of Financial Statements (Revised)

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

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements. The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

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

FRS 123 Borrowing Costs (Revised)

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. The Group and the Company shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

FRS 139 Financial Instruments : Recognition and Measurement

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

- **Impairment of receivables :**

  Prior to 1 January 2010, allowance for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

- **Financial guarantee contracts :**

  During the current period and prior years, the Company provided financial guarantees to banks in connection with bank borrowings granted to its subsidiaries. Prior to 1 January 2010, the Company did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 January 2010.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Standards Issued But Not Yet Effective

The following are Standards and IC Interpretations which are not yet effective and have not been early adopted by the Group and the Company :

(a) **Effective for financial periods beginning on or after 1 March 2010**

Amendment to FRS 132	Financial Instruments : Presentation. Amendments relating to classification of rights issue

(b) **Effective for financial periods beginning on or after 1 July 2010**

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 17	Distributions of Non-cash Assets to Owners

Improvements to FRSs issued in 2010 and mandatory for annual financial periods beginning on or after 1 July 2010.

(c) **Effective for financial periods beginning on or after 1 January 2011**

Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters. Amendment relating to transition provisions for first-time adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters. Amendment relating to transition provision for first-time adopters in the industry of oil and gas
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions. Amendments relating to the scope and accounting for group cash-settled share-based payments transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments. Amendments relating to the fair value measurement using fair value hierarchy and disclosure of liquidity risk
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers *

Improvements to FRSs issued in 2010 and mandatory for annual financial periods beginning on or after 1 January 2011.

* During the financial year, MASB approved and issued IC Interpretation 18 – Transfers of Assets from Customers and requires the interpretation to be applied prospectively to all transfers of assets from customers received on or after 1 January 2011.

(d) **Effective for financial periods beginning on or after 1 July 2011**

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. Amendment relating to the treatment of prepayments of future contributions when there is a minimum funding requirement

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Standards Issued But Not Yet Effective (Cont'd)

The following are Standards and IC Interpretations which are not yet effective and have not been early adopted by the Group and the Company (Cont'd) :

(e) **Effective for financial periods beginning on or after 1 January 2012**

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

The existing FRS 1, FRS 3, FRS 127 and FRS 124 will be withdrawn upon the adoption of the new requirements. IC Interpretation 15 will replace FRS 2012004. IC Interpretation 8 and IC Interpretation 11 will be withdrawn upon the application of Amendments to FRS 2 - Group Cash-settled Share-based Payment Transactions.

IC Interpretation 12 is not expected to be relevant to the operations of the Company. The directors anticipate that the adoption of these new/revised FRSs, amendments to FRSs and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period for initial application except for the following :

FRS 3 Business Combination

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit or loss. There is a choice to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

FRS 127 Consolidated and Separate Financial Statements

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The revised standard requires losses to be allocated to non-controlling interests, even if it results in the non-controlling interest to be in a deficit position.

2.5 Subsidiaries and Basis of Consolidation

Subsidiaries

Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating activities so as to obtain benefits therefrom.

Investment in subsidiaries which is eliminated on consolidation is stated at cost less accumulated impairment losses in the Company's separate financial statements.

Upon the disposal of investment in subsidiaries, the difference between the net disposal proceeds and their carrying amount is included in profit or loss.

Basis of Consolidation

The consolidated financial statements of the Group include the audited financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are consolidated using the acquisition method of consolidation.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 Subsidiaries and Basis of Consolidation (Cont'd)

Any excess of the cost of acquisition over the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities represents goodwill and is retained in the statement of financial position. Following the initial recognition, goodwill is measured at cost less accumulated impairment losses.

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Inter-company balances, transactions and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered. Where necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency of accounting policies with those of the Group.

2.6 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates :

Freehold office lot	2%
Plant and machinery	10 - 50%
Office equipment, furniture and fittings	10 - 20%
Electrical installation	10%
Renovation	10%
Motor vehicles	20%

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

2.7 Research and Development Costs

All research costs are expensed as incurred. Expenditure incurred on projects to develop new products is capitalised as development costs and deferred only when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed as incurred.

Capitalised development costs comprise direct attributable costs incurred for development. Capitalised development costs, considered to have finite useful lives, are stated at cost less accumulated amortisation and any accumulated impairment losses. Development costs are amortised using the straight-line basis over the commercial lives of the underlying products of five years from the commencement of the commercialisation of the products. The amortisation period and method are reviewed at the end of each reporting period to ensure that the expected useful lives of the assets are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of intangible assets.

2.8 Finance Lease

Finance leases which transfer to the lessee substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.9 Impairment of Non-Financial Assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 Financial Assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and categorise their financial assets as loans and receivables.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or when the financial assets and all substantial risks and rewards are transferred.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(a) Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using effective interest method, except for short-term receivables when the recognition of interest would be immaterial. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and Company's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.11 Impairment of Financial Assets

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

Trade and other receivables and other financial assets carried at amortised cost

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

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

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

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

2.12 Cash and Cash Equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

2.13 Inventories

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

Cost of raw materials is determined on the first-in, first-out basis.

Cost of work-in-progress and finished goods includes materials, direct labour and attributable production overheads and is determined on the weighted average basis.

Cost of trading goods is determined on a first-in, first-out basis.

Net realisable value represents the estimated selling price less all estimated costs to completion and estimated costs to be incurred in marketing, selling and distribution.

2.14 Provisions

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.15 Financial Liabilities

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

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company classified its financial liabilities as other financial liabilities.

(a) Other Financial Liabilities

The Group's and the Company's other financial liabilities include trade payables and other payables, and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after reporting date.

For other financial liabilities, gains and losses recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.16 Income Recognition

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

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

Interest income is recognised on the accrual basis.

2.17 Employee Benefits

Short term benefits
Wages, salaries, bonuses and social security contributions are recognised as an expense in the years in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans
As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred.

Share-based compensation
The Company Employee Share Option Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.17 Employee Benefits (Cont'd)

Share-based compensation (Cont'd)
At the end of each reporting period, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained profits.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

2.18 Income Tax

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

Deferred tax is provided for, using the liability method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

2.19 Foreign Currency Translations

Assets and liabilities in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia at the rates of exchange approximately ruling on that date. Transactions in foreign currencies during the year have been translated into Ringgit Malaysia at the rates of exchange approximately ruling on the transaction dates. All exchange gains or losses are included in profit or loss.

2.20 Share Capital and Share Issuance Expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.21 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified to make strategic decisions.

2.22 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP
2010

	At cost			
	At 1 January RM	Additions RM	Disposals RM	At 31 December RM
Freehold office lot	437,389	-	-	437,389
Plant and machinery	21,870,312	3,593,487	-	25,463,799
Office equipment, furniture and fittings	1,169,701	149,646	(3,530)	1,315,817
Electrical installation	414,542	16,150	-	430,692
Renovation	1,911,734	88,001	-	1,999,735
Motor vehicles	1,680,347	144,500	(44,000)	1,780,847
	27,484,025	3,991,784	(47,530)	31,428,279

	Accumulated depreciation			
	At 1 January RM	Current charge RM	Disposals RM	At 31 December RM
Freehold office lot	27,701	8,748	-	36,449
Plant and machinery	8,253,424	2,504,597	-	10,758,021
Office equipment, furniture and fittings	631,546	133,273	(177)	764,642
Electrical installation	163,588	40,010	-	203,598
Renovation	796,886	189,300	-	986,186
Motor vehicles	739,074	330,451	(43,999)	1,025,526
	10,612,219	3,206,379	(44,176)	13,774,422

	Carrying amount at 31 December RM
Freehold office lot	400,940
Plant and machinery	14,705,778
Office equipment, furniture and fittings	551,175
Electrical installation	227,094
Renovation	1,013,549
Motor vehicles	755,321
	17,653,857

3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

2009

	At cost			
	At 1 January RM	Additions RM	Disposals RM	At 31 December RM
Freehold office lot	437,389	-	-	437,389
Plant and machinery	21,181,854	959,496	(271,038)	21,870,312
Office equipment, furniture and fittings	1,128,087	41,614	-	1,169,701
Electrical installation	402,412	12,130	-	414,542
Renovation	1,911,734	-	-	1,911,734
Motor vehicles	1,737,066	-	(56,719)	1,680,347
	26,798,542	1,013,240	(327,757)	27,484,025

	Accumulated depreciation			
	At 1 January RM	Current charge RM	Disposals RM	At 31 December RM
Freehold office lot	18,953	8,748	-	27,701
Plant and machinery	6,147,555	2,340,769	(234,900)	8,253,424
Office equipment, furniture and fittings	494,195	137,351	-	631,546
Electrical installation	122,706	40,882	-	163,588
Renovation	605,713	191,173	-	796,886
Motor vehicles	468,083	327,709	(56,718)	739,074
	7,857,205	3,046,632	(291,618)	10,612,219

	Carrying amount at 31 December RM
Freehold office lot	409,688
Plant and machinery	13,616,888
Office equipment, furniture and fittings	538,155
Electrical installation	250,954
Renovation	1,114,848
Motor vehicles	941,273
	16,871,806

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

GROUP

The carrying amount of property, plant and equipment being acquired under finance lease are as follows :

	2010 **RM**	2009 RM
Plant and machinery	**1,242,451**	4,186,418
Motor vehicles	**718,366**	936,680
	1,960,817	5,123,098

COMPANY

	Office equipment, furniture and fittings	
	2010 **RM**	2009 RM
At cost		
At 1 January/At 31 December	**1,750**	1,750
Accumulated depreciation		
At 1 January	**174**	116
Current charge	**58**	58
At 31 December	**232**	174
Carrying amount		
At 31 December	**1,518**	1,576

4. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2010 **RM**	2009 RM
Unquoted shares, at cost	**6,085,998**	6,085,998

Details of the subsidiaries which are all incorporated in Malaysia are as follows :

Name of Company	**Effective Equity Interest** **2010**	2009	**Principal Activities**
Morrissey Technology Sdn. Bhd.	**100%**	100%	Design and manufacturing of precision microelectronic components.
Jingheng Electronic Precision Technology Sdn. Bhd.	**100%**	100%	Original design manufacturing of semiconductor light emitting diodes components and the related manufacturing activities are outsourced to reliable and reputable third parties.

5. DEVELOPMENT COSTS

	GROUP	
	2010	2009
	RM	RM
Development costs		
At 1 January	**1,960,044**	1,876,461
Additions	**86,988**	83,583
At 31 December	**2,047,032**	1,960,044
Accumulated amortisation		
At 1 January	**900,030**	676,505
Current charge	**406,207**	223,525
At 31 December	**1,306,237**	900,030
Carrying amount		
At 31 December	**740,795**	1,060,014

6. INVENTORIES

	GROUP	
	2010	2009
	RM	RM
At cost :		
Raw materials	**1,376,503**	866,803
Work-in-progress	**903,256**	165,383
Finished goods	**3,944,336**	3,626,376
Consumables	**1,541,318**	448,851
At net realisable value :		
Finished goods	**204,536**	80,656
	7,969,949	5,188,069

7. TRADE RECEIVABLES

	GROUP	
	2010	2009
	RM	RM
Analysis by currencies :		
Ringgit Malaysia	**4,398,541**	3,141,522
US Dollar	**5,215,881**	6,192,481
	9,614,422	9,334,003

The trade receivables are non-interest bearing and are generally on **30 to 90 days** (2009 : 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

8. AMOUNT DUE FROM SUBSIDIARIES

COMPANY

The amount due from subsidiaries is non-trade related, unsecured, interest free and is repayable on demand.

9. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Short term funds with a licensed financial institution	**2,298**	51,427	**2,298**	51,427
Cash and bank balances	**1,367,722**	1,505,886	**19,640**	324,460
	1,370,020	1,557,313	**21,938**	375,887
Analysis by currencies :				
Ringgit Malaysia	**943,512**	1,451,004	**21,938**	375,887
US Dollar	**424,949**	105,625	**-**	-
Others	**1,559**	684	**-**	-
	1,370,020	1,557,313	**21,938**	375,887

Short term funds represent investments with redeemable period of **less than 31 days** (2009 : less than 31 days). The effective interest rate of short term funds at the end of the reporting period is **3.00%** (2009 : 3.12%) per annum.

10. SHARE CAPITAL

	Number of ordinary shares of RM0.10 each		Amount	
	2010	2009	**2010**	2009
			RM	RM
Authorised :				
At 1 January / At 31 December	**250,000,000**	250,000,000	**25,000,000**	25,000,000
Issued and fully paid :				
At 1 January / At 31 December	**123,000,000**	123,000,000	**12,300,000**	12,300,000

Employee Share Option Scheme ("ESOS")

The Company's ESOS was approved by the Securities Commission ("SC") and the members on 17 May 2006 and 15 June 2006 respectively and will be in force for a duration of five years from 1 August 2006.

As at the end of the reporting period, no options were granted.

The salient features of the ESOS are as follows :

(i) the aggregate number of options offered under the ESOS shall not exceed twenty per centum (20%) of the issued and paid-up share capital of the Company at any point in time during the duration of the ESOS or such additional number that may be permitted by the relevant authorities during the duration of the ESOS,

(ii) an employee (including Executive Directors) shall be eligible to participate in the ESOS if the employee is at least eighteen (18) years of age on the date of offer; employed full time by and on the payroll of any company in the Group and must have been employed for a continuous period of at least two (2) years for executive employee and at least three (3) years for non-executive employee and his employment must have been confirmed on the date of offer,

(iii) not more than fifty per centum (50%) of the shares available under the ESOS should be allocated, in aggregate, to directors and senior management of the Group. In addition, not more than ten per centum (10%) of the shares available under the ESOS should be allocated to any individual director or employee who, either singly or collectively through his/her associates, holds twenty per centum (20%) or more in the issued and paid-up share capital of the Company,

10. SHARE CAPITAL (Cont'd)

Employee Share Option Scheme ("ESOS") (Cont'd)

(iv) the price at which the grantee is entitled to subscribe for each new share shall be the higher of a price which is at a discount of not more than ten per centum (10%) from the weighted average market price of the shares 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 and the par value of the shares, or such adjustments in accordance with any prevailing guidelines issued by the Securities Commission or any other relevant authorities as amended from time to time,

(v) the new shares to be issued and allotted upon any exercise of the option will upon allotment and issuance rank pari passu in all respect with the then existing issued shares except that the shares so issued will not be entitled for any dividend, rights, allotments or other distribution declared, made or paid to shareholders unless the shares so allotted have been credited into the relevant securities accounts maintained by the Bursa Malaysia Depository Sdn. Bhd. before the entitlement date and will be subject to all the provisions of the Articles of Association of the Company relating to the transfer, transmission and otherwise, and

(vi) the ESOS shall come into force for a period of five (5) years from the date of confirmation by the adviser of the Company to the Securities Commission. The Company may, if the Board of Directors and the ESOS Committee deem fit, extend the ESOS for another five (5) years.

11. SHARE PREMIUM

	2010 RM	2009 RM
At 1 January/At 31 December	**2,953,447**	2,953,447

12. FINANCE LEASE LIABILITIES

	GROUP	
	2010 RM	2009 RM
Non-current liabilities	**493,031**	977,996
Current liabilities	**575,268**	1,247,508

A summary of the effective interest rates of finance lease as at the end of the reporting period is as follow :

	Average effective interest rate per annum (%)	**Total RM**	**Within one year RM**	**More than one year and less than two years RM**	**More than two years and less than five years RM**
2010					
Finance lease liabilities	**2.23 to 4.00**	**1,068,299**	**575,268**	**292,676**	**200,355**
2009					
Finance lease liabilities	2.23 to 3.60	2,225,504	1,247,508	545,765	432,231

13. DEFERRED TAX LIABILITIES

	GROUP	
	2010	2009
	RM	RM
At 1 January	**217,000**	211,500
Transfer (to)/from profit or loss	**(60,900)**	5,500
	156,100	217,000
Over provision in prior year	**(600)**	-
At 31 December	**155,500**	217,000

The temporary differences on which deferred tax liabilities have been provided for are in respect of the excess of capital allowances over depreciation on property, plant and equipment.

14. TRADE PAYABLES

	GROUP	
	2010	2009
	RM	RM
Analysis by currencies :		
Ringgit Malaysia	**986,278**	467,749
US Dollar	**6,522,366**	6,376,361
Singapore Dollar	**776,651**	92,526
Japanese Yen	**285,016**	764,867
	8,570,311	7,701,503

The trade payables are non-interest bearing and is normally settled within **30 to 90 days** (2009 : 30 to 90 days) terms.

15. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Other payables	**3,376,028**	2,372,672	**-**	-
Accruals	**322,958**	191,839	**19,000**	19,000
	3,698,986	2,564,511	**19,000**	19,000
Analysis by currencies :				
Ringgit Malaysia	**1,010,521**	399,416	**19,000**	19,000
Swiss Franc	**2,125,339**	1,670,440	**-**	-
Singapore Dollar	**478,688**	343,164	**-**	-
US Dollar	**66,379**	151,491	**-**	-
Japanese Yen	**18,059**	-	**-**	-
	3,698,986	2,564,511	**19,000**	19,000

16. REVENUE

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Invoiced value of goods sold less returns and discounts	**49,242,332**	30,279,706	**-**	-
Interest income	**870**	1,267	**870**	1,267
	49,243,202	30,280,973	**870**	1,267

17. PROFIT/(LOSS) BEFORE TAXATION

This is arrived at :

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
After charging :				
Amortisation of development costs	**406,207**	223,525	**-**	-
Audit fee - current year	**30,000**	28,000	**10,000**	10,000
- under provision in prior year	**1,000**	-	**2,000**	-
Depreciation	**3,206,379**	3,046,632	**58**	58
Directors' allowances for non-executive directors	**6,000**	6,000	**6,000**	6,000
Directors' fee for non-executive directors	**54,000**	54,000	**54,000**	54,000
Interest expense	**82,959**	176,046	**-**	-
Realised loss on foreign exchange	**-**	55,199	**-**	-
Inventories written down	**147,528**	-	**-**	-
Rental of premises	**286,920**	286,670	**-**	-
Rental of machinery	**3,800**	71,577	**-**	-
* Staff costs	**3,925,548**	2,855,728	**-**	-
Unrealised loss on foreign exchange	**-**	12,909	**-**	-
And crediting :				
Gain on disposal of property plant and equipment	**5,176**	52,083	**-**	-
Interest income	**1,002**	10,168	**870**	1,267
Realised gain on foreign exchange	**299,486**	-	**-**	-
Unrealised gain on foreign exchange	**17,508**	51,674	**-**	-

* **Staff costs**				
- Salaries, allowance, bonus and wages	**3,538,404**	2,563,594	**-**	-
- EPF	**346,459**	264,519	**-**	-
- SOCSO	**40,685**	27,615	**-**	-
	3,925,548	2,855,728	**-**	-

17. PROFIT/(LOSS) BEFORE TAXATION (Cont'd)

Directors' emoluments

Included in the staff costs of the Group are directors' emoluments as shown below :

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Directors of the Company				
Executive Directors :				
- Salary, allowance and bonus	**334,513**	310,259	-	-
- EPF	**40,152**	37,280	-	-
	374,665	347,539	-	-
Benefits-in-kind	**34,500**	34,500	-	-
	409,165	382,039	-	-

18. TAXATION

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Malaysian income tax :				
Based on results for the year				
- Current tax	**(579,000)**	(15,000)	-	-
- Deferred tax relating to the origination and reversal of temporary differences	**60,900**	(5,500)	-	-
	(518,100)	(20,500)	-	-
(Under)/Over provision in prior year				
- Current tax	**(12,050)**	(1,065)	-	929
- Deferred tax	**600**	-	-	-
	(11,450)	(1,065)	-	929
	(529,550)	(21,565)	-	929

The reconciliation of tax expense of the Group and of the Company is as follows :

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Profit/(Loss) before taxation	**2,525,944**	(546,567)	**(144,007)**	(196,206)
Income tax at Malaysian statutory tax rate of 25%	**(631,486)**	136,642	**36,002**	49,052
Income not subject to tax	**4,377**	17,764	-	-
Expenses not deductible for tax purposes	**(293,772)**	(210,181)	**(36,002)**	(49,052)
Utilisation of previously unabsorbed capital allowances	**463,726**	-	-	-
Deferred tax movements not recognised	**(682,071)**	35,275	-	-
Current year reinvestment allowance	**621,126**	-	-	-
Balance carried forward	**(518,100)**	(20,500)	-	-

18. TAXATION (Cont'd)

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Balance brought forward	**(518,100)**	(20,500)	**-**	-
(Under)/Over provision in prior year	**(11,450)**	(1,065)	**-**	929
	(529,550)	(21,565)	**-**	929

GROUP

The net deferred tax (assets)/liabilities which have not been recognised are represented by temporary differences arising from :

	2010	2009
	RM	RM
Excess of capital allowances over depreciation of property, plant and equipment	**1,758,087**	1,339,889
Unabsorbed capital allowances	**(479,144)**	(463,726)
Unabsorbed reinvestment allowance	**(2,101,113)**	(1,479,988)
	(822,170)	(603,825)

19. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

Basic earnings/(loss) per share of the Group is calculated by dividing the profit/(loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year as follows :

	2010	2009
Profit/(Loss) for the year (RM)	**1,996,394**	(568,132)
Weighted average number of ordinary shares of RM0.10 each	**123,000,000**	123,000,000
Basic earnings/(loss) per share (sen)	**1.62**	(0.46)

There is no diluted earnings/(loss) per share as the Company does not have any convertible financial instruments as at the end of the reporting period.

20. OPERATING SEGMENT

Operating segment is presented in respect of the Group's business segments. The primary format and business segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

20. OPERATING SEGMENT (Cont'd)

The Group comprises the following main business segments :

(i) Electronic products	Manufacturing and assembling of component related to High Brightness Light Emitting Diode ('HB LED'), Direct Current ('DC') micromotor components, fine pitch connector pins and other electronic components and products.
(ii) Investment holding	Investment holding.

By business segments
2010

	Electronic products RM	Investment holding RM	Elimination RM	Total RM
Revenue				
External customers/ Total revenue	49,242,332	870	-	49,243,202
Results				
Segment results	2,752,778	(144,877)	-	2,607,901
Interest income	132	870	-	1,002
Interest expense	(82,959)	-	-	(82,959)
Profit/(Loss) before taxation	2,669,951	(144,007)	-	2,525,944
Taxation	(529,550)	-	-	(529,550)
Profit/(Loss) for the year, representing total comprehensive income/(loss) for the year	2,140,401	(144,007)	-	1,996,394
Assets				
Segment assets	36,584,592	15,149,891	(15,147,373)	36,587,110
Tax recoverable	102,626	44,151	-	146,777
Cash and cash equivalents	1,348,082	21,938	-	1,370,020
Total assets	38,035,300	15,215,980	(15,147,373)	38,103,907
Liabilities				
Segment liabilities	21,311,672	19,000	(9,061,375)	12,269,297
Finance lease liabilities	1,068,299	-	-	1,068,299
Deferred tax liabilities	155,500	-	-	155,500
Total liabilities	22,535,471	19,000	(9,061,375)	13,493,096
Other segment information				
Capital expenditure	3,991,784	-	-	3,991,784
Depreciation and amortisation	3,612,528	58	-	3,612,586
Non-cash income other than depreciation and amortisation	(22,684)	-	-	(22,684)

20. OPERATING SEGMENT (Cont'd)

2009

	Electronic products RM	Investment holding RM	Elimination RM	Total RM
Revenue				
External customers/ Total revenue	30,279,706	1,267	-	30,280,973
Results				
Segment results	(183,216)	(197,473)	-	(380,689)
Interest income	8,901	1,267	-	10,168
Interest expense	(176,046)	-	-	(176,046)
Loss before taxation	(350,361)	(196,206)	-	(546,567)
Taxation	(22,494)	929	-	(21,565)
Loss for the year, representing total comprehensive loss for the year	(372,855)	(195,277)	-	(568,132)
Assets				
Segment assets	32,837,602	14,939,949	(14,937,373)	32,840,178
Tax recoverable	881,293	44,151	-	925,444
Cash and cash equivalents	1,181,426	375,887	-	1,557,313
Total assets	34,900,321	15,359,987	(14,937,373)	35,322,935
Liabilities				
Segment liabilities	19,098,389	19,000	(8,851,375)	10,266,014
Finance lease liabilities	2,225,504	-	-	2,225,504
Deferred tax liabilities	217,000	-	-	217,000
Total liabilities	21,540,893	19,000	(8,851,375)	12,708,518
Other segment information				
Capital expenditure	1,013,240	-	-	1,013,240
Depreciation and amortisation	3,270,099	58	-	3,270,157
Non-cash income other than depreciation and amortisation	(90,848)	-	-	(90,848)

20. OPERATING SEGMENT (Cont'd)

Geographical Segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows :

	Revenue		Non-current assets	
	2010 RM	2009 RM	**2010 RM**	2009 RM
Malaysia	**31,909,763**	18,277,832	**17,228,687**	16,607,674
People's Republic of China	**4,354,608**	2,546,555	**1,165,965**	1,324,146
Thailand	**10,393,866**	7,730,288	**-**	-
United States of America	**2,268,593**	1,726,298	**-**	-
Singapore	**316,372**	-	**-**	-
	49,243,202	30,280,973	**18,394,652**	17,931,820

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	2010 RM	2009 RM
Property, plant and equipment	**17,653,857**	16,871,806
Development costs	**740,795**	1,060,014
	18,394,652	17,931,820

Information about major customers

Revenue from major customers amounting to **RM44,529,170** (2009 : RM15,848,602), arising from sales by the electronic products segment.

21. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R") and other liabilities measured at amortised cost ("AC").

	Carrying amount RM	**L&R RM**	**AC RM**	**Other RM**
2010				
GROUP				
Financial assets				
Trade receivables (Note 7)	**9,614,422**	**9,614,422**	**-**	**-**
Other receivables and deposits	**486,812**	**486,812**		
Cash and cash equivalents (Note 9)	**1,370,020**	**1,370,020**	**-**	**-**
	11,471,254	**11,471,254**	**-**	**-**
Financial liabilities				
Finance lease liabilities (Note 12)	**1,068,299**	**-**	**-**	**1,068,299**
Trade payables (Note 14)	**8,570,311**	**-**	**8,570,311**	**-**
Other payables and accruals (Note 15)	**3,698,986**	**-**	**3,698,986**	**-**
	13,337,596	**-**	**12,269,297**	**1,068,299**

21. CATEGORIES OF FINANCIAL INSTRUMENTS (Cont'd)

	Carrying amount RM	L&R RM	AC RM	Other RM
COMPANY				
Financial assets				
Sundry deposit	1,000	1,000	-	-
Amount due from subsidiaries (Note 8)	9,061,375	9,061,375	-	-
Cash and cash equivalents (Note 9)	21,938	21,938	-	-
	9,084,313	9,084,313	-	-
Financial liabilities				
Accruals (Note 15)	19,000	-	19,000	-

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

22. COMMITMENTS

	GROUP 2010 RM	2009 RM
(a) Capital commitments		
Authorised but not provided for		
- Property, plant and equipment	50,800	288,745
(b) Cancellable operating lease commitments		
Future minimum rentals payable :		
Not later than one year	-	153,799

Operating lease commitments represent rentals payable for use of machinery and buildings. Leases are negotiated for terms ranging from one to three years.

23. CONTINGENT LIABILITIES (UNSECURED)

	COMPANY 2010 RM	2009 RM
Corporate guarantee extended to financial institutions for credit facilities granted to its subsidiaries		
- Limit	2,220,896	3,875,254
- Utilised as at the end of the reporting period	718,358	1,800,493

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the financial institutions requiring parent guarantee as a pre-condition for approving the credit facilities granted to the subsidiaries. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiaries. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

24. RELATED PARTY DISCLOSURES

The remuneration of directors and other members of key management during the financial year was as follows :

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	RM	RM	**RM**	RM
Salaries and other short-term employee benefits	**801,331**	756,871	**60,000**	60,000

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

25. FINANCIAL INSTRUMENTS

The Group and the Company is exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

25.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises principally from its trade receivables while the Company's exposure to credit risk arises principally from advances and financial guarantees given to its subsidiaries.

(i) Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group typically gives its existing customers credit terms ranging from 30 to 90 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of the financial position.

The ageing analysis of the Group's trade receivable as at the end of the reporting period are as follows :

	RM
Not past due	**7,690,099**
1 to 30 days past due	**1,608,096**
31 to 60 days past due	**299,947**
61 to 90 days past due	**3,780**
More than 90 days past due	**12,500**
	9,614,422

25. FINANCIAL INSTRUMENTS (Cont'd)

25.1 Credit risk (Cont'd)

(i) Trade receivables (Cont'd)

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group.

The Group has trade receivables amounting to RM1,924,323 that are past due as at the end of the reporting period but not impaired as the management is of the view that these past due amounts will be collected in due course.

As at 31 December 2010, the Group has significant exposure of credit risk on three customers which represent 78% of the total amount of trade receivables.

(ii) Intercompany balances

The Company provides advances to its subsidiaries and monitors the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries.

(iii) Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of finance leases granted to its subsidiaries :

The Company monitors on an ongoing basis the results of the companies and repayments made by them.

The maximum exposure to credit risk is as disclosed in Note 12, representing the outstanding finance lease liabilities of the companies as at the end of the reporting period.

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

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

25.2 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 actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

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

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
2010					
GROUP					
Finance lease liabilities	1,068,299	1,125,683	611,411	309,432	204,840
Trade payables	8,570,311	8,570,311	8,570,311	-	-
Other payables and accruals	3,698,986	3,698,986	3,698,986	-	-
Total undiscounted financial liabilities	13,337,596	13,394,980	12,880,708	309,432	204,840

25. FINANCIAL INSTRUMENTS (Cont'd)

25.3 Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the functional currency of the Group. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are primarily US Dollar (USD), Singapore Dollar (SGD), Japanese Yen (JPY) and Swiss Franc (CHF).

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period is as follows :

	Denominated in				
	USD RM	SGD RM	JPY RM	CHF RM	Others RM
Trade receivables	5,215,881	-	-	-	-
Cash and bank balances	424,949	-	1,324	-	235
Trade payables	(6,522,366)	(776,651)	(285,016)	-	-
Other payables	(66,379)	(478,688)	(18,059)	(2,125,339)	-
Net exposure	(947,915)	(1,255,339)	(301,751)	(2,125,339)	235

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies exchange rates (against Ringgit Malaysia), with all other variables held constant, of the Company's profit before taxation. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have increased profit before taxation by the amount shown below and a corresponding decrease would have an equal but opposite effect.

	RM
USD	94,792
SGD	125,534
JPY	30,175
CHF	212,534
Others	(24)
Increase in Group's profit before taxation	463,011

25.4 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to support the Group's stability and growth so as to maximise shareholders' returns and stakeholders' benefits.

To achieve its objectives, the Group ensures an optimal capital structure is maintained. The Group actively and regularly reviews its capital structure by taking into consideration the future capital requirements of the Group, capital efficiency, prevailing and projected profitability, projected operating cash flows, projected expenditures and projected strategic investment opportunities. As part of managing the capital structure, the Group may adjust the amount of dividend payment or obtain new borrowings.

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

GROUP AND COMPANY

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company as at the end of the reporting period approximate their fair values due to their short-term nature.

COMPANY

No disclosure of fair value is made for advances to its subsidiaries, as it is not practicable to determine its fair value with sufficient reliability since the balance is repayable on demand.

27. SUPPLEMENTARY INFORMATION DISCLOSED

Pursuant To Bursa Malaysia Securities Berhad Listing Requirements

With the purpose of improving transparency, Bursa Malaysia Securities Berhad has on 25 March 2010, and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on group and company basis in the annual audited financial statements.

The breakdown of retained profits/(accumulated loss) as at the reporting date has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants are as follows :

	GROUP RM	COMPANY RM
2010		
Total retained profits/(accumulated loss) of JHM Consolidated Berhad and its subsidiaries		
- Realised	**14,381,354**	(56,467)
- Unrealised	**(137,992)**	-
	14,243,362	(56,467)
Less : Consolidation adjustments	**(4,885,998)**	-
Retained profits/(Accumulated loss) as per statements of financial position	**9,357,364**	(56,467)

List of Property

Title/Location	Date of Acquisition	Description	Built-up Area	Existing Use	Tenure	Approximate Age of Building	Carrying Amount as at 31/12/2010 RM
15-1-20 & 15-1-21, Bayan Point, Medan Kampung Relau, 11900 Penang	18.09.2006	Office Lot	2,132 sq. ft.	Sales and administration office	Freehold	12 years	400,940

Analysis of Shareholdings

As at 8 April 2011

Authorised Share Capital	:	RM25,000,000.00
Issued and fully paid-up Share Capital	:	RM12,300,000.00
Class of Shares	:	Ordinary shares of RM0.10 each
Voting Rights	:	On a show of hands, 1 vote
	:	On a poll, 1 vote for 1 ordinary share

LIST OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

	Number of Shares Held			
Name	**Direct**	**%**	**Deemed**	**%**
Dato' Tan King Seng	42,707,379	34.721	33,589,358 *	27.308
Noble Matters Sdn. Bhd.	30,445,863	24.753	-	-

Note :

* Deemed interested by virtue of his shareholdings of not less than 15% in Noble Matters Sdn. Bhd. and First Share Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

	Number of Shares Held			
Name	**Direct**	**%**	**Deemed**	**%**
Dato' Tan King Seng	42,707,379	34.721	33,589,358 *	27.308
Ooi Yeok Hock	5,312,938	4.319	-	-
Tan Chin Hong	3,105,496	2.525	-	-
Loh Chye Teik	-	-	-	-
Teoh Yee Shien	-	-	-	-
Dato' Dr. Loh Hock Hun	-	-	-	-
Cheah Choon Ghee	3,207,500	2.608	-	-

Note :

* Deemed interested by virtue of his shareholdings of not less than 15% in Noble Matters Sdn. Bhd. and First Share Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
Less than 100 shares	14	1.166	629	0.001
100 to 1,000 shares	643	53.539	130,450	0.106
1,001 to 10,000 shares	243	20.233	1,168,350	0.950
10,001 to 100,000 shares	226	18.818	8,532,400	6.937
100,001 to less than 5% of issued shares	73	6.078	40,014,929	32.532
5% and above of issued shares	2	0.167	73,153,242	59.474
Total	**1,201**	**100.00**	**123,000,000**	**100.00**

Analysis of Shareholdings

As at 8 April 2011 (Cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS

	NAME	NO. OF SHARES HELD	%
1	NOBLE MATTERS SDN BHD	19,910,034	16.187
2	TAN KING SENG	11,250,000	9.146
3	TAN KING SENG	11,250,000	9.146
4	TAN KING SENG	11,250,000	9.146
5	NOBLE MATTERS SDN BHD	10,535,829	8.566
6	TAN KING SENG	8,957,379	7.282
7	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI YEOK HOCK (LPN)	3,383,938	2.751
8	CHEAH CHOON GHEE	3,207,500	2.608
9	TAN CHIN HONG	3,105,496	2.525
10	LIM LENG NA	2,885,000	2.346
11	LPI PRECISION INDUSTRY (M) SDN BHD	2,674,000	2.174
12	BHLB TRUSTEE BERHAD EXEMPTED - TRUST ACCOUNT FOR EPF INVESTMENT FOR MEMBER SAVINGS SCHEME	1,993,000	1.62
13	FIRST SHARE SDN BHD	1,660,100	1.35
14	FIRST SHARE SDN BHD	1,483,395	1.206
15	CHOI SIEW LIAN	1,192,700	0.97
16	CHIAM LI SIN	1,082,700	0.88
17	TAN SHYAN CHERT	858,600	0.698
18	MAYBAN NOMINEES (TEMPATAN) SDN BHD SAW KONG BENG	797,700	0.649
19	TAN SHYAN CHERT	787,900	0.641
20	DAH HUEY SHUANG	610,800	0.497
21	HLG NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN HWANG KIAT (CCTS)	609,600	0.496
22	TAN KIM SING	600,000	0.488
23	OOI ENG TEIK	540,200	0.439
24	CHUAH YEW PHAIK	518,200	0.421
25	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH WING KEE	474,300	0.386
26	CHEOK SWEE BENG	447,150	0.364
27	TAN HUA LEE	410,900	0.334
28	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MURUGA VADIVALE	405,000	0.329
29	OW HIANG KEE	378,000	0.307
30	LIM SAM CHIN	375,000	0.305

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of the Company will be held at Angsana Room (Level 3), Eastin Hotel Penang, 1 Solok Bayan Indah, Queensbay, 11900 Bayan Lepas, Penang on Monday, 30 May 2011 at 11:00 am for the following purposes:-

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AGENDA

AS ORDINARY BUSINESS:

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

2. To approve the payment of Directors' fees of RM 54,000 for the financial year ending 31 December 2011. **Resolution 1**

3. To re-elect Dato' Tan King Seng who retires in accordance with Article 129 of the Company's Articles of Association. **Resolution 2**

4. To re-elect Mr. Loh Chye Teik who retires in accordance with Article 129 of the Company's Articles of Association. **Resolution 3**

5. To re-elect Mr. Cheah Choon Ghee who retires in accordance with Article 129 of the Company's Articles of Association. **Resolution 4**

6. To re-appoint Messrs. Grant Thornton as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 5**

AS SPECIAL BUSINESS :

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

   (i) **ORDINARY RESOLUTION**
   AUTHORITY TO ISSUE SHARES
   "That subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time and upon such terms and conditions for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 6**

   (ii) **SPECIAL RESOLUTION**
   PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

   "That the amendments to the Articles of Association of the Company contained in Appendix I be and are hereby approved." **Resolution 7**

Notice Of Annual General Meeting
(Cont'd)

8. To transact any other business for which due notices shall have been given in accordance with the Companies Act, 1965.

By Order of the Board,

CHEE WAI HONG (MIA 17181)
FOO LI LING (MAICSA 7019557)
Company Secretaries

Penang

Date : 6 May 2011

Notes :

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints two (2) proxies or more, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
6. Details of the Directors standing for re-election can be found in the Directors' profile on pages 5 to 6 of the Annual Report.

Explanatory Note on Ordinary Business

Resolution 1 – Payment of Directors' fees
Resolution 1 is to facilitate payment of Directors' fees on current financial year basis, calculated based on the number of scheduled Board and Committee meetings for 2011 and assuming that all Non-Executive Directors will hold office until the end of the financial year. In the event the Directors' fees proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

Explanatory Notes on Special Business

Resolution 6 – Authority to issue shares pursuant to Section 132D of the Companies Act, 1965
The proposed Ordinary Resolution 6, if passed, primarily to renew the mandate to give authority to the Board of Directors to issue and allot shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being, at anytime in their absolute discretion without convening a general meeting. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting

As at the date of this Notice, the Company has not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general authority which was approved at the Fifth Annual General Meeting held on 24 May 2010 and which will lapse at the conclusion of the Sixth Annual General Meeting to be held on 30 May 2011. A renewal of this authority is being sought at the Sixth Annual General Meeting under proposed Resolution 6.

This authority if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

Resolution 7- Proposed Amendment to the Articles of Association of the Company
The Resolution 7 above, if passed, will give authority for the Company to amend Article 169 of the Company's Articles of Association in order to align with the amendments of the Listing Requirements pursuant to the directive from Bursa Malaysia Securities Berhad on the implementation of payment of electronic cash dividend, for clarification and enhancements.

Statement Accompanying Notice of Annual General Meeting

(Pursuant To Rule 8.29 (2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

SPECIAL RESOLUTION
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

"That the following existing Article 169 of the Articles of Association of the Company be hereby deleted in its entirety:-

169. (1) Any dividend, interest or other moneys payable in cash in respect of a share may be paid by direct debit, bank transfer, cheque or dividend warrant and (in the case of a cheque or dividend warrant for such payment) sent:

(a) by post, by courier or by hand to the registered address of the person entitled as appearing in the Record of Depositors; or

(b) by post, by courier or by hand to the registered address of the person becoming entitled to the share by reason of the death, bankruptcy or mental disorder of he holder or by operation of law or if such address has not been supplied, to such address to which such cheque or warrant might have been posted if the death, bankruptcy, mental disorder or operation of law had not occurred; or

(c) by post, by courier or by hand to such address as the person entitled may direct in writing but the Company shall be entitled to send such cheque or dividend warrant to such other address or by such other means stated in Articles 169 (1) (a) to 169 (1) (c) notwithstanding such direction.

(2) Every cheque or warrant may be made payable:

(a) to the order of the person entitled; or

(b) to the order of the person entitled by reason of the death, bankruptcy or mental disorder of the holder or by operation of law; or

(c) to the order of such other person as the person entitled may in writing direct or direct to be sent to,

but nothing in Article 169(2) shall prevent such cheque or warrant from being made payable in such other manner as the Company would be entitled to in respect of such cheque or warrant including (without limitation), in the case of the death of the holder of the share in respect of which the dividend or other moneys to be paid by the cheque or warrant are payable making such cheque or warrant payable to the estate of such holder if the Company thinks appropriate. Such cheque or warrant shall be a good discharge to the Company. The Company shall not be responsible for any loss of any such cheque or warrant (whether in the post, while being delivered by courier or by hand, after delivery to the relevant address or person or otherwise).

and be replaced with a new Article 169 which reads as follows:-

169. **(1)** Any dividend, interest or other moneys payable in cash in respect of a share may be paid by **way of telegraphic transfer or electronic transfer or remittance to such account as designated by such holder or the person entitled to such payment ("eDividend")**, direct debit, bank transfer, cheque or dividend warrant **or via any other mode or manner as may be prescribed by the Act, Listing Requirements of Bursa Securities and any other relevant authority for the time being in force.**

(2) **In the event that a member has not provided his bank account details to the Depository, any dividend, interest or other moneys payable in cash in respect of a share may be paid by cheque, bank draft, dividend warrant or postal order (in the case of a cheque, bank draft, dividend warrant or postal order for such payment)** sent:

(a) by post, by courier or by hand to the registered address of the person entitled as appearing in the Record of Depositors; or

(b) by post, by courier or by hand to the registered address of the person becoming entitled to the share by reason of the death, bankruptcy or mental disorder of **the** holder or by operation of law or if such address has not been supplied, to such address to which such cheque or warrant might have been posted if the death, bankruptcy, mental disorder or operation of law had not occurred; or

(c) by post, by courier or by hand to such address as the person entitled may direct in writing but the Company shall be entitled to send such cheque or dividend warrant to such other address or by such other means stated in Articles **169(2)(a)** to **169(2)(c)** notwithstanding such direction.

(3) Every cheque or warrant or **telegraphic transfer or electronics transfer or remittance** may be made payable:
(a) to the order of the person entitled; or
(b) to the order of the person entitled by reason of the death, bankruptcy or mental disorder of the holder or by operation of law; or
(c) to the order of such other person as the person entitled may in writing direct or direct to be sent to,

but nothing in Article **169(3)** shall prevent such cheque or warrant **or telegraphic transfer or electronics transfer or remittance** from being made payable in such other manner as the Company would be entitled to in respect of such cheque or warrant **or telegraphic transfer or electronics transfer or remittance** including (without limitation), in the case of the death of the holder of the share in respect of which the dividend or other moneys to be paid by the cheque or warrant **or telegraphic transfer or electronics transfer or remittance** are payable making such cheque or warrant **or telegraphic transfer or electronics transfer or remittance** payable to the estate of such holder if the Company thinks appropriate. Such cheque or warrant **or telegraphic transfer or electronics transfer or remittance** shall be a good discharge to the Company. The Company shall not be responsible for any loss of any such cheque or warrant **or telegraphic transfer or electronics transfer or remittance** (whether in the post, while being delivered by courier or by hand, after delivery to the relevant address or person or otherwise). **The Company shall not be responsible for any inaccurate details supplied by the members or any errors, delay or power or electronic failure encountered during or in the course of transmission of data or payment or for any loss of any such eDividend, cheque, bank draft, dividend warrant or postal order (whether in the bank account transfer, post, while being delivered by courier or by hand, after bank account transferring and/or delivering to the relevant address or person or otherwise). No unpaid or unclaimed dividend or interest shall bear interest as against the Company."**

Proxy Form

*I / We ______________________________ of ______________________________
(FULL NAME IN BLOCK LETTERS)

______________________________ being a *Member / Members of JHM
(FULL ADDRESS)

Consolidation Berhad, hereby appoint * the Chairman of the meeting or ______________________________
(FULL NAME IN BLOCK LETTERS)

of ______________________________
(FULL ADDRESS)

or failing him/ her, ______________________________ of ______________________________
(FULL NAME IN BLOCK LETTERS)

______________________________ as *my / our proxy / proxies to
(FULL ADDRESS)

attend and vote for *me/ us and on *my/ our behalf at the Sixth Annual General Meeting of the Company to be held at Angsana Room (Level 3), Eastin Hotel Penang, 1 Solok Bayan Indah, Queensbay, 11900 Bayan Lepas, Penang on Monday, 30 May 2011 at 11:00 am and at every adjournment thereof to vote as indicated below :

AGENDA

	To receive the Audited Financial Statements for the year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon		
Resolutions		**For**	**Against**
1.	Approval of payment of Directors' fees for the financial year ending 31 December 2011		
2.	Re-election of Dato' Tan King Seng as Director		
3.	Re-election of Mr. Loh Chye Teik as Director		
4.	Re-election of Mr. Cheah Choon Ghee as Director		
5.	Re-appointment of Messrs. Grant Thornton as Auditors and to authorise the Directors to fix the Auditors' remuneration		
6.	Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares		
7.	Proposed Amendments to the Articles of Association of the Company		

Please indicate with an "X" in the spaces provided above as to how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:-

First named Proxy %
Second named Proxy %
100%

In the case of a vote taken by a show of hands, the First Proxy shall vote on *my/our behalf.

No. of shares held

As witness my hand this __________ day of ______________ , 2011

* Strike out whichever is not desired

____
Signature of Member (s)/ Common Seal

Notes :

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints two (2) proxies or more, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

PLEASE FOLD ACROSS THE LINES AND CLOSE

Postage

THE COMPANY SECRETARIES

JHM CONSOLIDATION BERHAD (686148-A)

51-13-A Menara BHL Bank

Jalan Sultan Ahmad Shah

10050 Pulau Pinang

PLEASE FOLD ACROSS THE LINES AND CLOSE

Notification on eDividend

6 May 2011

To All Shareholders of JHM Consolidation Berhad

Electronic Dividend Payment (eDividend)

The eDividend refers to the payment of cash dividends by a listed issuer directly crediting the shareholders' cash dividend into their respective bank accounts.

We wish to inform that all listed issuers who announce a books closing date for cash dividend entitlements on or after September 1, 2010 are directed to pay the cash dividends via eDividend to shareholders who have provided their bank account information to Bursa Malaysia Depository Sdn Bhd ("BMD"). One of the main objectives of implementing eDividend is to promote greater efficiency of the payment system which is aligned to the national agenda of migrating to electronic payment.

1. Benefits of eDividend

1.1 The eDividend extends to all listed issuers and provides, amongst others, faster access to your cash dividends, eliminates the inconvenience of depositing the dividend cheques and problems such as misplaced, lost or expired cheques and unauthorised deposit of dividend cheques.

1.2 When you register for eDividend you will enjoy the following additional benefits:

(a) The convenience of a one-off registration for entitlement to eDividend from all listed issuers; and

(b) The option to consolidate the dividends from all your Central Depository System ("CDS") accounts into one bank account for better account management.

2. Registration for eDividend

2.1 Registration for eDividend has commenced on April 19, 2010 for a period of 2 years until April 18, 2012, at no cost to the shareholders. An administrative charge will be imposed for registrations after the 2 years period.

To register for eDividend, you are required to provide to BMD through your stock broker, your bank account number and other information by completing the prescribed form. The prescribed form can be obtained from your stock broker's office where your CDS account is maintained, or downloaded from Bursa Malaysia Berhad ("BURSA")'s website at **http://www.bursamalaysia.com/website/bm/trading/edividend.html**. You may find an eDividend information kit from BURSA's website to facilitate your better understanding with regards to eDividend.

2.2 You need to submit to your stock broker's office where your CDS account is maintained, the duly completed prescribed form and the following for registration:

(a) Individual depositor: Copy of identification documents i.e. NRIC, Passport, Authority Card or other acceptable identification documents. Original documents must be produced for your stock broker's verification.

Corporate depositor: Certified true copy of the Certificate of Incorporation/Certificate of Registration; and

(b) Copy of your bank statement/bank savings book/details of your bank account obtained from your bank's website that has been certified by your bank/copy of letter from your bank confirming your bank account particulars. For individuals, original documents must be produced for your stock broker's verification. For corporate entities, a certified true copy is to be submitted.

If the CDS account is held in the name of a nominee, the nominee will register for the eDividend.

2.3 If you are not able to be present at your stock broker's office to submit the prescribed form and supporting documents, please ensure that the signing of the prescribed form and the supporting documents has been witnessed by an acceptable witness specified by BMD. In this regard, an acceptable witness includes an Authorised Officer of your stock broker, a Dealer's Representative, a notary public and an Authorised Officer of the Malaysian Embassy/High Commission.

Notification on eDividend

(Cont'd)

3. Notification of eDividend payments after registration

You are encouraged to provide in the prescribed form to BMD both your mobile phone number and e-mail address, if any. This is to enable the Company to issue electronic notification to you either via e-mail or sms, at the discretion of the Company, once the Company has paid the cash dividend out of its account. Please note that if you provide only your mobile phone number, you may only be notified of the cash dividend payment when you receive your dividend warrant or tax certificate.

4. Additional information for shareholders

4.1 Your savings or current account must be an active bank account maintained with a local bank under your name or, in the case of a joint account, has your name as one of the account holders. It must also be a bank account with a financial institution that is a member of the Malaysian Electronic Payment System Inter-Bank GIRO (IBG) set out below, which can be found on this website: **http://www.meps.com.my/faq/interbank_giro.asp?id=2#answer**

- Affin Bank Berhad
- Hong Leong Bank Berhad
- Alliance Bank Malaysia Berhad
- AmBank (M) Berhad
- Bank Islam Malaysia Berhad
- Malayan Banking Berhad
- Bank Kerjasama Rakyat Malaysia Berhad
- Public Bank Berhad
- Bank Simpanan Nasional
- CIMB Bank Berhad
- The Royal Bank of Scotland Berhad
- Deutsche Bank Berhad
- EON Bank Berhad
- HSBC Bank Malaysia Berhad
- Bank Muamalat Malaysia Berhad
- OCBC Bank (Malaysia) Berhad
- Bank of America
- RHB Bank Berhad
- Standard Chartered Bank Malaysia Berhad
- Citibank Berhad
- United Overseas Bank (Malaysia) Bhd
- Bank Pertanian Malaysia Berhad (Agrobank)
- J.P. Morgan Chase Bank Berhad
- Kuwait Finance House (Malaysia) Berhad

4.2 Your bank account particulars and other related information is protected under the Securities Industry (Central Depositories) Act 1991 which strictly prohibits the disclosure of such information to any person unless you expressly authorise the disclosure in writing. For eDividend purposes, you will be authorising disclosure of your bank account particulars and other related information to persons necessary to facilitate the eDividend such as the Company, the share registrar and the appointed paying banks.

4.3 Once you have registered for eDividend, any cash dividend entitlement of which the books closure date is announced by the Company on or after September 1, 2010, shall be paid to you via eDividend.

You may find more information pertaining to e-Dividend on the Bursa Malaysia website at **http://www.bursamalaysia.com/website/bm/trading/edividend_info_kit.html**

We look forward to a successful implementation of eDividend through your active participation, and to serving you better as our valued shareholders. If you have any enquiry relating to eDividend service, please do not hesitate to contact our Share Registrars, Agriteum Share Registration Services Sdn Bhd at 604-2282321.

Thank you.

Yours faithfully

DATO' TAN KING SENG
Executive Chairman/ Managing Director

- 15-1-21 Bayan Point,
  Medan Kampung Relau,
  11900 Penang.
- Tel : 04-6465121
- Fax : 04-6457326