Advanced Packaging Technology (M) Bhd

(Co. No. 82982-K)
(Incorporated in Malaysia)
And Its Subsidiaries

Reports And Financial Statements For The Financial Year Ended 31 December 2009
(In Ringgit Malaysia)

ADVANCED PACKAGING TECHNOLOGY (M) BHD
(Co. No. 82982-K)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

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CORPORATE INFORMATION

BOARD OF DIRECTORS	Chee Sam Fatt (Chairman) Tjin Kiat @ Tan Cheng Keat (Managing Director) Yeo Tek Ling (Finance Director) Dato' Haji Ghazali b. Mat Ariff Dato' Law Sah Lim Datuk Ismail bin Haji Ahmad Mah Siew Seng Eu Hock Seng Ng Choo Tim
SECRETARY	See Siew Cheng (MAICSA 7011225) Leong Shiak Wan (MAICSA 7012855)
AUDITORS	PKF AF 0911 Chartered Accountants
AUDIT COMMITTEE	Dato' Haji Ghazali Bin Mat Ariff (Chairman) - Independent Non-Executive Director Datuk Ismail Bin Haji Ahmad - Non-Independent Non-Executive Director Mah Siew Seng - Independent Non-Executive Director
REGISTERED OFFICE	Level 8, Symphony House Block D13, Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Tel: 03-7841 8000 Fax: 03-7841 8199
REGISTRAR & SHARE TRANSFER OFFICE	Symphony Share Registrars Sdn. Bhd. Level 6, Symphony House Block D13, Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Tel: 03-7841 8000 Fax: 03-7841 8008
PRINCIPAL BANKER	CIMB Bank Berhad
STOCK EXCHANGE LISTING	Bursa Malaysia Securities Berhad

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2009.

Principal activities

The Company is principally engaged in the manufacturing and distribution of flexible packaging materials. The principal activities of the subsidiaries and jointly controlled entity are disclosed in Note 11 and Note 12 to the financial statements respectively.

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

Results

	Group RM	Company RM
Profit/(Loss) for the financial year		
- continuing operations	471,775	(3,506,952)
- discontinued operations	(12,192)	-
	459,583	(3,506,952)

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the Company paid a tax exempt final dividend of 4.50% totaling RM1,771,164 in respect of the financial year ended 31 December 2008, on 15 July 2009.

In respect of the financial year ended 31 December 2009, the Directors recommend a final dividend of 7% less tax of 25% totaling RM2,066,059, subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

Directors

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

Chee Sam Fatt
Tjin Kiat @ Tan Cheng Keat
Yeo Tek Ling
Dato' Haji Ghazali b. Mat Ariff
Dato' Law Sah Lim
Datuk Ismail bin Haji Ahmad
Mah Siew Seng
Eu Hock Seng
Ng Choo Tim

Directors' interest in shares

The shareholdings and deemed shareholdings in the Ordinary Shares of the Company and its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the end of the financial year, as recorded in Register of Director's Shareholding kept under Section 134 of the Companies Act, 1965, are as follows:

	Number of Ordinary Shares of RM1.00 each			
	At 1.1.2009	**Bought**	**Sold**	**At 31.12.2009**
Direct interest in the Company:				
Chee Sam Fatt	20,250	-	-	20,250
Tjin Kiat @ Tan Cheng Keat	3,100,178	-	-	3,100,178
Yeo Tek Ling	24,338	-	-	24,338
Dato' Law Sah Lim	10,029	-	-	10,029
Eu Hock Seng	22,421	-	-	22,421
Ng Choo Tim	1,296,594	-	-	1,296,594

None of the other Directors holding office at 31 December 2009 had any interest in the Ordinary Shares of the Company and its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director has received nor become entitled to receive any benefit (other than a benefit included in aggregate amount of emoluments received or due and receivable by Directors or the fixed salaries of full time employees of the Company as disclosed in Note 3 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

Issue of shares and debentures

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

There were no debentures issued during the financial year.

Options granted over unissued shares

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

Share buy-back

As at 31 December 2009, the Company held 1,655,000 of its own shares ('APT Shares') as treasury shares out of its total issued and paid-up share capital of 41,008,500. Such treasury shares are held at carrying amount of RM1,120,914.

The APT Shares bought back are held as treasury shares in accordance with Section 67A subsection 3(A)(b) of the Companies Act, 1965. None of the treasury shares held were resold or cancelled during the financial year.

Other statutory information

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

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

(ii) all current assets have been stated at the lower of cost and net realisable value.

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

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

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

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

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

Other statutory information (continued)

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

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

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

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.

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 2009 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 the financial year and the date of this report.

Auditors

The auditors, Messrs PKF, have indicated their willingness to continue in office.

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

TJIN KIAT @ TAN CHENG KEAT

NG CHOO TIM

Kuala Lumpur

27 April 2010

ADVANCED PACKAGING TECHNOLOGY (M) BHD
(Co. No. 82982-K)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and of the results of their operations and cash flows for the financial year ended on that date.

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

TJIN KIAT @ TAN CHENG KEAT

NG CHOO TIM

Kuala Lumpur

27 April 2010

ADVANCED PACKAGING TECHNOLOGY (M) BHD
(Co. No. 82982-K)
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STATUTORY DECLARATION PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

We, TJIN KIAT @ TAN CHENG KEAT and YEO TEK LING, being the Directors primarily responsible for the financial management of ADVANCED PACKAGING TECHNOLOGY (M) BHD, do solemnly and sincerely declare that to the best of our knowledge and belief, the accompanying financial statements are correct, and we 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 TJIN KIAT @ TAN CHENG KEAT and YEO TEK LING at ~~Kuala Lumpur in Wilayah Persekutuan~~ BANDAR BARU BANGI on 27 April 2010)

TJIN KIAT @ TAN CHENG KEAT

YEO TEK LING

PESURUHJAYA SUMPAH
No. B 330
ZAHARIAH
BT. MAHYUDDIN
MALAYSIA

Before me,

COMMISSIONER FOR OATHS

31-1-1b, Tingkat 1, Jalan Medan PB 2B,
Seksyen 9, 43650 Bandar Baru Bangi,
Selangor Darul Ehsan.
H/P: 016-371 8212

PKF

Accountants &
business advisers

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ADVANCED PACKAGING TECHNOLOGY (M) BHD
(Co. No. 82982-K)
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of ADVANCED PACKAGING TECHNOLOGY (M) BHD, which comprise the Balance Sheets as at 31 December 2009 of the Group and of the Company, and the Income Statements, Statements of Changes in Equity and Cash Flow Statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 controls relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal controls. 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.

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Opinion

In our opinion, the financial statements are properly drawn up in accordance with applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the Companies Act, 1965, so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and their cash flows for the financial year then ended.

Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 12 to the financial statements that in the Auditors' Report on the Financial Statements of the jointly controlled entity for the financial year ended 31 December 2009 have been modified by way of emphasis of matter on the uncertainties to obtain approval for the continuous construction of the clinker plant project, as the said project will not be able to fulfill the new Industrial Policy of the People's Republic of China which is yet to be implemented.

In view of the above, the financial statements do not include any adjustments in the event the recoverable amount is lower than the carrying amount of the said investment.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of the subsidiaries for which we have not acted as auditors, as indicated in Note 11 to the financial statements, being financial statements which are included in the consolidated financial statements.

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

(d) The audit reports on the financial statements of the subsidiary were not subject to any qualification or any adverse comment made under Section 174(3) of the Act other than as disclosed in Note 11 to the financial statements.

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 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PKF
AF 0911
CHARTERED ACCOUNTANTS

CHAU MAN KIT
2525/03/12 (J)
PARTNER

Kuala Lumpur

27 April 2010

ADVANCED PACKAGING TECHNOLOGY (M) BHD
(Co. No. 82982-K)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

		Group		Company	
		2009	2008	2009	2008
	Note	RM	RM	RM	RM
Continuing operations:					
Revenue	2	24,252,523	26,165,014	24,252,523	26,165,014
Other operating income		420,122	527,055	419,136	446,773
Changes in inventories of finished goods and work-in-progress		(62,659)	106,802	(62,659)	106,802
Raw materials used		(14,080,226)	(16,109,161)	(14,080,226)	(16,109,161)
Employee benefits	3	(2,865,906)	(3,655,812)	(2,865,906)	(3,655,812)
Impairment loss on investment in jointly controlled entity		-	(1,852,774)	-	-
Reversal of impairment loss on investment in jointly controlled entity		2,340,445	-	-	-
Share of loss in jointly controlled entity		(5,697,889)	-	-	-
Gain/(Loss) on winding up of a subsidiary		5,709	-	(29,128)	-
Amortisation of prepaid lease payment		(7,390)	(7,390)	(7,390)	(7,390)
Depreciation		(1,565,959)	(1,135,875)	(1,565,959)	(1,135,875)
Other expenses		(2,467,190)	(2,963,840)	(9,767,538)	(2,923,908)
Operating profits/(loss)	4	271,580	1,074,019	(3,707,147)	2,886,443
Interest income		647,182	914,123	647,182	914,123
Profit/(Loss) before tax		918,762	1,988,142	(3,059,965)	3,800,566
Tax expense	5	(446,987)	(813,521)	(446,987)	(813,521)
Profit/(Loss) for the financial year from continuing operations		471,775	1,174,621	(3,506,952)	2,987,045
Discontinued operation:					
Loss for the financial year from discontinued operation	6	(12,192)	(22,646)	-	-
Profit/(Loss) for the financial year		459,583	1,151,975	(3,506,952)	2,987,045
Basic average earnings per ordinary share (sen)	7	1.17	2.83		
Dividends per ordinary share (sen)	8	4.50	4.50	4.50	4.50

ADVANCED PACKAGING TECHNOLOGY (M) BHD
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BALANCE SHEETS AS AT 31 DECEMBER 2009

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
Non-current assets					
Property, plant and equipment	9	13,632,601	14,600,559	13,632,601	14,600,559
Prepaid lease payments	10	556,035	563,425	556,035	563,425
Investment in subsidiaries	11	-	-	4,921	4,921
Investment in jointly controlled entity	12	670,145	4,027,589	-	-
Other investment	13	5,000,000	5,000,000	5,000,000	5,000,000
Amount due from subsidiaries	14	-	-	-	7,374,296
Amount due from a jointly controlled entity	15	137,318	137,318	137,318	137,318
		19,996,099	24,328,891	19,330,875	27,680,519
Current assets					
Inventories	16	4,498,743	5,102,825	4,498,743	5,102,825
Trade receivables	17	5,540,465	5,484,243	5,540,465	5,484,243
Non-trade receivables, deposits and prepayments	18	548,728	608,930	548,728	608,930
Cash and cash equivalents	19	24,642,135	21,047,901	24,642,135	21,047,901
Assets of disposal group classified as discontinued operation	6	-	90,852	-	36,280
		35,230,071	32,334,751	35,230,071	32,280,179
TOTAL ASSETS		55,226,170	56,663,642	54,560,946	59,960,698
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	20	41,008,500	41,008,500	41,008,500	41,008,500
Treasury shares	21	(1,120,914)	(1,112,112)	(1,120,914)	(1,112,112)
Reserves	22	9,680,241	10,997,400	9,021,360	14,299,476
Total equity		49,567,827	50,893,788	48,908,946	54,195,864
Non-current liabilities					
Deferred tax liabilities	23	1,505,592	1,467,349	1,505,592	1,467,349
Provision for staff gratuity	24	1,265,436	1,273,829	1,265,436	1,273,829
		2,771,028	2,741,178	2,771,028	2,741,178
Current liabilities					
Trade payables	25	1,740,809	1,029,507	1,740,809	1,029,507
Amount due to Directors	26	108,000	108,000	108,000	108,000
Non-trade payables and accruals	27	1,038,506	1,891,169	1,032,163	1,886,149
		2,887,315	3,028,676	2,880,972	3,023,656
TOTAL LIABILITIES		5,658,343	5,769,854	5,652,000	5,764,834
TOTAL EQUITY AND LIABILITIES		55,226,170	56,663,642	54,560,946	59,960,698

ADVANCED PACKAGING TECHNOLOGY (M) BHD
(Co. No. 82982-K)
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

			← *Non-distributable*	→	*Distributable*	
	Note	Share capital RM	Treasury shares RM	Translation reserve RM	Retained profits RM	Total RM
Group						
At 1 January 2008		41,008,500	-	(20,085)	11,685,229	52,673,644
Currency translation differences representing income and expense recognised directly in equity		-	-	25,663	-	25,663
Net profit for the financial year		-	-	-	1,151,975	1,151,975
Total recognised income and expense for the financial year		-	-	25,663	1,151,975	1,177,638
Purchase of treasury shares		-	(1,112,112)	-	-	(1,112,112)
Dividends	8	-	-	-	(1,845,382)	(1,845,382)
At 31 December 2008		41,008,500	(1,112,112)	5,578	10,991,822	50,893,788
Currency translation differences representing income and expense recognised directly in equity		-	-	131	-	131
Net profit for the financial year		-	-	-	459,583	459,583
Total recognised income and expense for the financial year		-	-	131	459,583	459,714
Purchase of treasury shares		-	(8,802)	-	-	(8,802)
Realisation of translation reserve		-	-	(5,709)	-	(5,709)
Dividends	8	-	-	-	(1,771,164)	(1,771,164)
At 31 December 2009		41,008,500	(1,120,914)	-	9,680,241	49,567,827

The accompanying notes form an integral part of the financial statements.

ADVANCED PACKAGING TECHNOLOGY (M) BHD
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STATEMENTS OF CHANGES IN EQUITY (continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Note	Share Capital RM	*Non-distributable* Treasury shares RM	*Distributable* Retained Profits RM	Total RM
Company					
At 1 January 2008		41,008,500	-	13,157,813	54,166,313
Purchase of treasury shares		-	(1,112,112)	-	(1,112,112)
Profit for the financial year representing total recognised income and expense for the year		-	-	2,987,045	2,987,045
Dividends	8	-	-	(1,845,382)	(1,845,382)
At 31 December 2008		41,008,500	(1,112,112)	14,299,476	54,195,864
Purchase of treasury shares		-	(8,802)	-	(8,802)
Loss for the financial year representing total recognised income and expense for the year		-	-	(3,506,952)	(3,506,952)
Dividends	8	-	-	(1,771,164)	(1,771,164)
At 31 December 2009		41,008,500	(1,120,914)	9,021,360	48,908,946

ADVANCED PACKAGING TECHNOLOGY (M) BHD
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CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Cash flows from operating activities				
Profit/(Loss) before tax from:				
- continuing operation	918,762	1,988,142	(3,059,965)	3,800,566
- discontinued operations	(12,192)	(22,646)	-	-
Adjustments for:				
Amortisation of prepaid lease payments	7,390	7,390	7,390	7,390
Depreciation	1,565,959	1,135,875	1,565,959	1,135,875
Allowance for doubtful debts	26,392	318,217	7,354,065	318,217
Allowance for doubtful debts no longer required	(90,473)	(29,449)	(90,473)	(29,449)
Impairment loss on investment in jointly controlled entity	-	1,852,774	-	-
Reversal of impairment loss of investment in jointly controlled entity	(2,340,445)	-	-	-
Share on loss in jointly controlled entity	5,697,889	-	-	-
Loss/(Gain) on foreign exchange - unrealised	3,027	(3,532)	3,027	(3,532)
Investment income	(124,863)	(154,230)	(124,863)	(154,230)
Gain on disposal of property, plant and equipment	(4,752)	(5,821)	(4,752)	(5,821)
Interest income	(647,182)	(914,123)	(647,182)	(914,123)
(Gain)/Loss on winding up of a subsidiary	(5,709)	-	29,128	-
Property, plant and equipment written off	6,691	50,120	6,691	50,120
Provision for staff gratuity	52,032	701,248	52,032	701,248
Bad debts written off	-	3,252	-	3,252
Inventory written off	44,482	23,968	44,482	23,968
Operating profit before working capital changes	5,097,008	4,951,185	5,135,539	4,933,481
Decrease in inventories	559,600	415,565	559,600	415,565
Decrease/(Increase) in receivables	42,777	(582,782)	42,646	(621,455)
(Decrease)/Increase in payables	(179,815)	453,454	(181,138)	544,093
Cash generated from operations	5,519,570	5,237,422	5,556,647	5,271,684
Income tax paid	(383,522)	(733,738)	(383,522)	(733,738)
Staff gratuity paid	(60,425)	(10,729)	(60,425)	(10,729)
Net cash from operating activities	5,075,623	4,492,955	5,112,700	4,527,217

ADVANCED PACKAGING TECHNOLOGY (M) BHD
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CASH FLOW STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

		Group		Company	
		2009	**2008**	**2009**	**2008**
		RM	**RM**	**RM**	**RM**
Cash flows from investing activities					
Repayment from/(Advances to) subsidiaries		-	-	46,622	(8,547)
Interest income received		647,182	914,123	647,182	914,123
Investment income received		124,863	154,230	124,863	154,230
Return on capital investment in subsidiary		-	-	7,153	-
Proceeds from disposal of property, plant and equipment		7,040	6,150	7,040	6,150
Acquisition of property, plant and equipment	(i)	(571,360)	(7,258,281)	(571,360)	(7,258,281)
Net cash generated from/(used in) investing activities		207,725	(6,183,778)	261,500	(6,192,325)
Cash flows from financing activities					
Dividend paid		(1,771,164)	(1,845,382)	(1,771,164)	(1,845,382)
Purchase of treasury shares		(8,802)	(1,112,112)	(8,802)	(1,112,112)
Net cash used in financing activity		(1,779,966)	(2,957,494)	(1,779,966)	(2,957,494)
Net increase/(decrease) in cash and cash equivalents		3,503,382	(4,648,317)	3,594,234	(4,622,602)
Cash and cash equivalents at 1 January		21,138,753	25,787,070	21,047,901	25,670,503
Cash and cash equivalents at 31 December	(ii)	24,642,135	21,138,753	24,642,135	21,047,901

CASH FLOW STATEMENTS (continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

(i) ***Acquisition of property, plant and equipment***

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM606,980 (2008: RM7,951,591) of which RM35,620 (2008: 693,310) was retained as disclosed in Note 27.

(ii) ***Cash and cash equivalents***

Cash and cash equivalents, included in the cash flows statements comprise the following amounts:

	Group		**Company**	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	2,642,135	1,547,901	2,642,135	1,547,901
Deposits with licensed banks	22,000,000	19,500,000	22,000,000	19,500,000
Assets of disposal group classified as discontinued operation (Note 6)				
- cash and bank balance	-	90,852	-	-
	24,642,135	21,138,753	24,642,135	21,047,901

Notes to the financial statements at 31 December 2009

1. Summary of significant accounting policies

The significant accounting policies adopted by the Group and the Company are consistent with those adopted in previous year. There are no new accounting standards, amendments to published standards and interpretations to existing standards that are effective for the Group's and the Company's financial year ended 31 December 2009 and applicable to the Group and the Company.

The following Financial Reporting Standards ("FRS") were issued by the Malaysian Accounting Standards Board ("MASB") but not yet effective and have not been applied by the Group and the Company:

	FRS/Interpretations	**Effective for annual periods beginning on or after**
(i)	FRS which are relevant to the operations:	
	FRS 3, Business Combination	1 July 2010
	FRS 7, *Financial Instrument: Disclosures*	1 January 2010
	FRS 101, *Presentation of Financial Statements*	1 January 2010
	FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*	1 January 2010
	FRS 139, *Financial Instrument: Recognition and Measurement*	1 January 2010
	Amendment to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*	1 July 2010
	Amendment to FRS 8, *Operating Segments*	1 January 2010
	Amendment to FRS 107, *Cash Flow Statements*	1 January 2010
	Amendment to FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2010
	Amendment to FRS 110, *Events After the Balance Sheet Date*	1 January 2010
	Amendment to FRS 116, *Property, Plant and Equipment*	1 January 2010
	Amendment to FRS 117, *Leases*	1 January 2010
	Amendment to FRS 118, *Revenue*	1 January 2010
	Amendment to FRS 119, *Employee Benefits*	1 January 2010
	Amendment to FRS 131, *Interests in Joint Ventures*	1 January 2010
	Amendment to FRS 132, *Financial Instrument: Presentation*	1 January 2010
	Amendment to FRS 134, *Interim Financial Reporting*	1 January 2010
	Amendment to FRS 136, *Impairment of Assets*	1 January 2010
	Amendment to FRS 138, *Intangible Assets*	1 January 2010
	IC Interpretation 10: *Interim Financial Reporting and Impairment*	1 January 2010
	IC Interpretation 11: *FRS 2-Group and Treasury Share Transaction*	1 January 2010

1. Summary of significant accounting policies (continued)

FRS/Interpretations	**Effective for annual periods beginning on or after**
(ii) FRS which are not relevant to the operations:	
FRS 4, *Insurance Contracts*	1 January 2010
Amendment to FRS 1, *First-time Adoption of Financial Reporting Standards*	1 January 2010
Amendment to FRS 2, *Share-based Payment - Vesting Conditions and Cancellations*	1 January 2010
Amendment to FRS 120, *Accounting for Government Grant and Disclosure of Government Assistance*	1 January 2010
Amendment to FRS 128, *Investment in Associates*	1 January 2010
Amendment to FRS 129, *Financial Reporting in Hyperinflationary Economies*	1 January 2010
Amendment to FRS 140, *Investment Property*	1 January 2010
IC Interpretation 9: *Reassessment of Embedded Derivatives*	1 January 2010
IC Interpretation 12: *Service Concession Arrangements*	1 July 2010
IC Interpretation 13: *Customer Loyalty Programmes*	1 January 2010
IC Interpretation 14: *FRS 119-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2010
IC Interpretation 15: *Agreements for the Construction of Real Estate*	1 July 2010
IC Interpretation 16: *Hedges of a Net Investment in a Foreign Operation*	1 July 2010
IC Interpretation 17: *Distribution of Non-cash assets to Owners*	1 July 2010

The application of the abovementioned FRS (other than FRS 7 and FRS 139), Amendments to FRS and IC Interpretations do not have significant financial impact on the financial statements of the Group and the Company.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in the respective FRS.

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

1. **Summary of significant accounting policies** (continued)

(a) **Basis of accounting**

The financial statements of the Company have been prepared under the historical cost convention other than as disclosed in the notes to the financial statements and in accordance with the provisions of the Companies Act, 1965 and applicable approved FRS issued by the MASB.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

ii) Allowance for Doubtful Debts of Receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

1. **Summary of significant accounting policies** (continued)

(a) **Basis of accounting** (continued)

iii) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates.

Possible changes in these estimates could result in revisions to the valuation of inventories.

iv) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which require extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

v) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the balance sheet date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the balance sheet date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the income statement in the period in which actual realisation and settlement occurs.

vi) Provision for liabilities

Provision for liabilities are based on management's judgement on the likelihood of liabilities crystalising and best estimates on the amounts required to settle the liabilities arising from legal and constructive obligations. A change in circumstances which could cause estimates to change include changes in market trends and conditions, regulatory environment, employees' behaviours and other factors that may change the amount of provisions in the balance sheet. The difference between the actual amount and the estimated amount would be recognised in the income statement in the period in which the change occurs.

1. Summary of significant accounting policies (continued)

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at balance sheet date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtain control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balance, transaction and unrealised gains or losses are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Uniform accounting policies are adopted in the consolidated financial statements for all transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement after the reassessment of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of acquisition.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Revenue and income recognition

(i) ***Sale of goods***

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and provisions, trade discounts and volume rebates.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be reliably estimated, and there is no continuing managerial involvement over the goods.

1. **Summary of significant accounting policies** (continued)

(c) **Revenue and income recognition** (continued)

(ii) ***Interest income***

Interest income is recognised on an accrual basis, based on effective yield on the assets.

(d) **Property, plant and equipment**

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

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Property, plant and equipment are depreciated on a straight-line basis to write off the cost of the assets over the term of their estimated useful lives at the following principal annual rates:

Building	2% - 10%
Plant, machinery and tools	7½% - 10%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%

The residual value, useful life and depreciation method are reviewed at each balance sheet date 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 term of the property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised on disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in the income statement.

1. Summary of significant accounting policies (continued)

(e) Prepaid lease payments

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that are amortised over the lease term of 50 years in accordance with the pattern of benefits provided.

(f) Subsidiaries

Subsidiaries are entities over which the Group and the Company have the ability to control over the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entities. In the Company's separate financial statements, investment in subsidiaries are stated at cost less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in the income statement.

(g) Jointly controlled entity

Jointly controlled entity is corporations, partnerships or other entity over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entity require unanimous consent of the parties sharing control.

The Group's interest in jointly controlled entity is accounted for in the consolidated financial statements by the equity method of accounting. Equity accounting involves recognising the Group's share of the post-acquisition results of jointly controlled entity in the income statement and its share of post-acquisition movements within reserves in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment and includes goodwill on acquisition (net of accumulated impairment loss).

(h) Investment

Investments in other non-current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

1. Summary of significant accounting policies (continued)

(i) Inventories

Inventories, comprising raw materials, work-in-progress, finished goods and consumables, are stated at the lower of cost and net realisable value.

Cost is determined using first-in-first-out basis. Cost of raw materials and consumables, includes all cost incurred in bringing them to their present location and condition.

Cost of work-in-progress and finished goods includes the cost of raw materials, direct labour and an appropriate proportion of the fixed and variable production overheads.

(j) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established. Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

(k) Cash and cash equivalents

Cash and cash equivalents consist of balances and deposits with banks and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Payables

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

(m) Tax expense

Tax expense for the financial year comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to item recognised directly in equity, in which case it is recognised in equity.

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

1. Summary of significant accounting policies (continued)

(m) Tax expense (continued)

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

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

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

(n) Employee benefits expense

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and the Company. 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.

(ii) Defined contribution plans

The Group's and the Company's contribution to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Company has no further liability in respect of the defined contribution plans.

The Group's and the Company's staff gratuity schemes are for employees who are eligible under their employees' contracts. Gratuity for employees is provided for in the financial statements taking consideration the length of service and basic salary earnings of eligible employees and charged to income statements.

1. **Summary of significant accounting policies** (continued)

(o) **Impairment**

The carrying amount of assets, other than financial assets, deferred tax assets and inventories, are reviewed at each balance sheet date to determine whether there is any indication exists. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement.

(p) **Provisions**

Provisions are recognised when the Group has present legal or constructive 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 obligations, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability and the present value of the expenditure expected to be required to settle the obligation.

1. Summary of significant accounting policies (continued)

(q) Foreign currencies

(i) ***Functional and presentation currency***

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

(ii) ***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) ***Group companies***

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rates at the date of the balance sheet.
- income and expenses of each income statement are translated at the rates on the dates of the transactions.
- all resulting exchange difference are recognised as a separate component of equity.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on disposal.

The closing rates used in the translation for foreign currency monetary assets and liabilities are as follows:

	2009 **RM**	**2008** **RM**
1 US Dollar	3.43	3.44
1 Brunei Dollar	2.44	2.37
1 Singapore Dollar	2.44	2.37
100 Hong Kong Dollar	44.23	45.20
100 Renminbi	50.16	50.76

1. Summary of significant accounting policies (continued)

(r) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the financial instrument. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The particular recognition methods adopted for the financial instruments are disclosed in the individual accounting policy statements with each item.

All financial instruments are denominated in Ringgit Malaysia unless otherwise stated.

(s) Equity instrument

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared and approved by the shareholders.

The transactions costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, reissuance or cancellation of treasury shares. When treasury shares are issued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

1. Summary of significant accounting policies (continued)

(t) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those components operating in other economic environment.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single segment.

2. Revenue

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

3. Employee benefits

(a) Staff costs

	Group and Company	
	2009	**2008**
	RM	**RM**
Salaries, wages, allowances, bonus and overtime	1,804,563	1,928,897
Contributions to defined contribution plan	191,905	195,753
Social security contributions	21,524	22,361
Other benefits	190,112	867,704
	2,208,104	3,014,715

3. **Employee benefits** (continued)

(b) Directors' remuneration

	Group and Company 2009 RM	Group and Company 2008 RM
Directors of the Company:*		
Executive:		
Salaries and other emoluments	435,902	429,942
Contribution to defined contribution plan	95,900	85,155
Fees	24,000	24,000
Other benefits	18,000	18,000
Estimated money value of benefits-in-kind	18,625	32,750
	592,427	589,847
Non-executive		
Fees	84,000	84,000
Total Directors' remuneration	676,427	673,847
Total excluding benefits-in-kind	657,802	641,097
Total staff costs	2,865,906	3,655,812

* The number of Directors of the Company whose total remuneration during the year fall within the following bands are as follows:

	Numbers of Directors 2009 RM	Numbers of Directors 2008 RM
Executive Directors:		
Below RM50,000	-	-
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
Above RM150,000 to RM600,000	2	2
	2	2
Non-executive Directors:		
Below RM50,000	7	7
RM50,001 to RM100,000	-	-
	7	7

The total number of employees, inclusive of executive Directors, of the Group and the Company as at the end of the financial year are 87 and 87 (2008: 87 and 87) respectively.

4. Operating profit/(loss)

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Operating profit is arrived at after charging/(crediting):				
Auditors' remuneration	38,790	36,370	32,000	30,000
Allowance for doubtful debts	26,392	318,217	7,354,065	318,217
Allowance for doubtful debts no longer required	(90,473)	(29,449)	(90,473)	(29,449)
Amortisation of prepaid lease payments	7,390	7,390	7,390	7,390
Inventories written off	44,482	23,968	44,482	23,968
(Gain)/Loss on foreign exchange				
- realised	(17,487)	(50,266)	(17,487)	(50,155)
- unrealised	3,027	(3,532)	3,027	(3,532)
Property, plant and equipment written off	6,691	50,120	6,691	50,120
Provision for staff gratuity	52,032	701,248	52,032	701,248
Impairment loss of investment in jointly controlled entity	-	1,852,774	-	-
Reversal of impairment loss of investment in jointly controlled entity	(2,340,445)	-	-	-
Bad debts written off	-	3,252	-	3,252
Gain on disposal of property, plant and equipment	(4,752)	(5,821)	(4,752)	(5,821)
Interest income	(647,182)	(914,123)	(647,182)	(914,123)
Investment income	(124,863)	(154,230)	(124,863)	(154,230)

5. Tax expense

	Group/Company	
	2009	**2008**
	RM	**RM**
Tax expense on continuing operations	446,987	813,521
Tax expense on discontinued operation (Note 6)	-	-
Total tax expense	446,987	813,521
Current tax expense		
- current year	412,497	336,647
- (over)/under provision in prior years	(3,753)	13,158
	408,744	349,805
Deferred tax expense (Note 23)		
- current year	110,377	500,772
- over provision in prior years	(16,326)	(121)
- changes in tax rates	(55,808)	(36,935)
	38,243	463,716
	446,987	813,521

5. Tax expense (continued)

Reconciliation of effective tax expense

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Profit/(Loss) before tax	900,861	1,965,496	(3,059,965)	3,800,566
Tax at Malaysian tax rates of 25% (2008: 26%)	225,216	511,029	(764,991)	988,147
Non deductible expenses	1,467,522	582,767	1,872,438	105,649
Non taxable income	(585,291)	(40,100)	-	(40,100)
Changes in tax rate	(55,808)	(36,935)	(55,808)	(36,935)
Double deduction	(584,573)	(216,277)	(584,573)	(216,277)
	467,066	800,484	467,066	800,484
Deferred tax over recognised	(16,326)	(121)	(16,326)	(121)
(Over)/Under provision in prior years	(3,753)	13,158	(3,753)	13,158
	446,987	813,521	446,987	813,521

6. Disposal group classified as discontinued operation

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Investment in subsidiary	-	90,852	-	36,280

On 5 January 2009, the Board of Directors had resolved to wind-up Xiamen Jinjie Trading Co. Ltd. ("XJTC"). The Company further announced that approval has been obtained from Xiamen City Industrial and Commercial Department on 31 May 2009 for winding up XJTC. On the same date, an announcement was made on Bursa Malaysia Securities Berhad. Accordingly, XJTC is classified as discontinued operation.

(a) The Company has received capital refund of RM7,153 from XJTC on November 2009 and has incurred a loss on investment of RM29,128.

6. **Disposal group classified as discontinued operation** (continued)

(b) The effects of the discontinued operation of XJTC on the financial position and its fair value of net assets for the Group are summarised as follows:

	2009 RM
Net assets of discontinued operation	
Cash and cash equivalents	7,153
Translation reserve	(5,709)
Attributable net assets of discontinued operation	1,444
Gain on winding up of a subsidiary	5,709
Total consideration received from discontinued operation	7,153
Add: Cash and cash equivalents on discontinued operation	(7,153)
Net cash from discontinued subsidiary	-

(i) The revenue and results of XJTC (after eliminating inter company transactions) are as follows:

	Group	
	2009 RM	**2008 RM**
Pre-operating expenses written off	(12,192)	(22,646)
Loss before tax	(12,192)	(22,646)
Tax expense	-	-
Loss for the financial year	(12,192)	(22,646)

(ii) Loss before tax of XJTC is arrived at after charging:

	Group	
	2009 RM	**2008 RM**
Pre-operating expenses written off	12,192	22,646

(c) The major class of assets of XJTC classified as discontinued operation (after eliminating inter-company items) is as follows:

	Group	
	2009 RM	**2008 RM**
Assets:		
Non-trade receivables, deposit and prepayments	-	-
Cash and bank balances	-	90,852
Asset of disposal group classified as discontinued operation	-	90,852

7. Basic average earnings per ordinary share

Basic average earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, after taking into consideration of the treasury shares held by the Company calculated as follows:

	2009	**2008**
Profit attributable to ordinary shareholders of the Company (RM)	459,583	1,151,975
Weighted average number of ordinary shares in issue, net of treasury shares	39,358,500	40,730,217
Basic earning per share (sen)	1.17	2.83

Diluted earnings per ordinary share is not presented as there is no dilutive potential ordinary shares outstanding during the financial year.

8. Dividends per ordinary share

Dividends recognised by the Company are:

	Gross dividend per share Sen	**Amount of dividend net of tax RM**	**Date of payment**
In respect of financial year ended 31 December 2007:			
Final dividend	4.50	1,845,382	18 July 2008
In respect of financial year ended 31 December 2008:			
Final dividend	4.50	1,771,164	15 July 2009

The Board recommends a final dividend of 7% less tax of 25% for the financial year ended 31 December 2009, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. These financial statements do not reflect this final dividend which will only be accrued as a liability when approved by shareholders.

9. Property, plant and equipment

Group and Company	Building RM	Plant, machinery and tools RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
Cost					
At 1 January 2009	5,053,682	26,639,685	565,849	1,159,068	33,418,284
Additions	9,200	591,032	6,748	-	606,980
Disposals	-	-	(2,988)	(39,109)	(42,097)
Written off	-	(82,530)	(29,980)	-	(112,510)
At 31 December 2009	5,062,882	27,148,187	539,629	1,119,959	33,870,657
Accumulated depreciation					
At 1 January 2009	1,766,273	15,739,891	468,008	843,553	18,817,725
Charge for the financial year	110,772	1,273,308	22,062	159,817	1,565,959
Disposals	-	-	(701)	(39,108)	(39,809)
Written off	-	(78,191)	(27,628)	-	(105,819)
At 31 December 2009	1,877,045	16,935,008	461,741	964,262	20,238,056
Net book value					
At 31 December 2009	3,185,837	10,213,179	77,888	155,697	13,632,601

9. **Property, plant and equipment** (continued)

Group and Company	**Building RM**	**Plant, machinery and tools RM**	**Furniture, fittings and equipment RM**	**Motor vehicles RM**	**Total RM**
Cost					
At 1 January 2008	4,271,129	19,645,283	555,974	1,159,068	25,631,454
Additions	860,010	7,074,201	17,380	-	7,951,591
Disposals	-	(60,499)	(3,365)	-	(63,864)
Written off	(77,457)	(19,300)	(4,140)	-	(100,897)
At 31 December 2008	5,053,682	26,639,685	565,849	1,159,068	33,418,284
Accumulated depreciation					
At 1 January 2008	1,694,063	15,031,722	450,816	619,561	17,796,162
Charge for the financial year	99,707	787,966	24,210	223,992	1,135,875
Disposals	-	(60,499)	(3,036)	-	(63,535)
Written off	(27,497)	(19,298)	(3,982)	-	(50,777)
At 31 December 2008	1,766,273	15,739,891	468,008	843,553	18,817,725
Net book value					
At 31 December 2008	3,287,409	10,899,794	97,841	315,515	14,600,559

9. Property, plant and equipment (continued)

Included in property, plant and equipment of the Group and the Company are the following fully depreciated property, plant and equipment which are still in use as follows:

	2009 RM	2008 RM
At cost:		
Plant, machinery and tools	11,218,494	11,244,388
Furniture, fittings and equipment	375,801	380,245
Motor vehicles	604,823	39,109
Building	4,674	4,674
	12,203,792	11,668,416

10. Prepaid lease payments

Group/Company	**Leasehold land Unexpired period more than 50 years RM**
Cost	
At 1 January 2009/31 December 2009	739,000
Amortisation	
At 1 January 2009	175,575
Amortisation for the financial year	7,390
At 31 December 2009	182,965
Carrying amounts	
At 31 December 2009	556,035

10. **Prepaid lease payments** (continued)

Group/Company	Leasehold land Unexpired period more than 50 years RM
Cost	
At 1 January 2008/31 December 2008	739,000
Amortisation	
At 1 January 2008	168,185
Amortisation for the financial year	7,390
At 31 December 2008	175,575
Carrying amounts	
At 31 December 2008	563,425

11. **Investment in subsidiaries**

	Company 2009 RM	2008 RM
Unquoted shares at cost	4,921	41,201
Reclassified as asset of disposal group classified as discontinued operation (Note 6)	-	(36,280)
	4,921	4,921

The details of the subsidiaries are as follows:

Name of companies	Place of incorporation	Percentage of equity held 2009	2008	Principal activities
Advanced Packaging Investments (H.K.) Limited*	Hong Kong	100%	100%	Investment holding company.
Xiamen Jinjie Trading** Co. Ltd. (Note 6)	Xiamen	-	100%	The company has not commenced operation. The intended principal activity is that of trading of packaging materials.

11. **Investment in subsidiaries** (continued)

* The Auditors' Report on the financial statements of this subsidiary for the financial year ended 31 December 2009 have been modified by way of emphasis of matter on the uncertainties over the ability of the subsidiary to continue as a going concern and the subsidiary has not prepared and presented separately the consolidated financial statements required by HKAS 27 "Consolidated and Separate Financial Statements" since the subsidiary takes advantage of section 124(2) of the Hong Kong Companies Ordinance.

Audited by a member firm of PKF International, which is a separate and independent legal entity from PKF Malaysia.

** Audited by a firm other than member firm of PKF International.

12. **Investment in jointly controlled entity**

	Group	
	2009	**2008**
	RM	**RM**
Share of net assets of jointly controlled entity	670,145	4,027,589
Unquoted shares, at cost	6,531,363	6,531,363
Share on loss	(5,697,889)	-
	833,474	6,531,363
Less: Impairment losses	(163,329)	(2,503,774)
	670,145	4,027,589

The Group's interest in the assets of the jointly controlled entity is as follows:-

	Group	
	2009	**2008**
	RM	**RM**
Long term assets	869,312	6,643,135
Net current liability	(46,401)	(44,335)
	822,911	6,598,800

The Group's interest in revenue and expenses of the jointly controlled entity is as follows:

	Group	
	2009	**2008**
	RM	**RM**
Revenue	-	-
Expenses	(5,697,889)	-
Operating loss	(5,697,889)	-

The subsidiary entered into a joint venture contract with Wafangdian Laohu Cement Company Ltd. to form a jointly controlled entity in 2002 to build a new cement clinker plant. Since the financial year 2005, there is no significant progress on the construction of the plant.

12. **Investment in jointly controlled entity** (continued)

Details of the jointly controlled entity are as follows:

Name	**Principal activities**	**Proportion of ownership interest equity held**	
		2009	**2008**
Dalian Advanced Cement Co. Ltd. #	The Company has not commenced operations. The intended principal activities are that of production and sales of clinker and cement	25%	25%

Held by Advanced Packaging Investments (H.K.) Limited.

The Auditors' Report on the Financial Statements of the jointly controlled entity for the financial year ended 31 December 2009 have been modified by way of emphasis of matter on the uncertainties to obtain approval for the continuous construction of the clinker plant project, as the said project will not be able to fulfill the new Industrial Policy of the People's Republic of China which is yet to be implemented.

13. **Other investment**

Other investment represents investments in Fixed Income Fund Account with Aminvestment Services Berhad.

14. **Amount due from subsidiaries**

	Group and Company	
	2009	**2008**
	RM	**RM**
Amount due from subsidiaries	7,327,673	7,374,296
Less: Allowance for doubtful debts	(7,327,673)	-
	-	7,374,296

Amount due from subsidiaries are unsecured, interest-free advances and with no fixed terms of repayment.

15. **Amount due from a jointly controlled entity**

Amount due from a jointly controlled entity is unsecured, interest-free advances and with no fixed terms of repayment.

16. Inventories

	Group and Company	
	2009	**2008**
At cost:	**RM**	**RM**
Raw materials	3,473,796	3,970,043
Work-in-progress	379,047	372,902
Finished goods	431,445	500,250
Consumables	214,455	259,630
	4,498,743	5,102,825

17. Trade receivables

	Group and Company	
	2009	**2008**
	RM	**RM**
Trade receivables	6,235,955	6,271,265
Allowance for doubtful debts		
- Specific	245,490	337,022
- General	450,000	450,000
	(695,490)	(787,022)
	5,540,465	5,484,243

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Bad debts amounting to RM27,433 (2008: RM29,449) of the Company and the Group were written off against allowance for doubtful debts during the financial year.

18. Non-trade receivables, deposits and prepayments

Included under non-trade receivables, deposits and prepayments of the Group and Company are staff loan of RM24,490 (2008: RM17,983) which bear interest of 4% (2008: 4%) per annum and prepayment of tax amounting to RM83,201 (2008: RM108,423).

19. Cash and cash equivalents

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Deposits placed with licensed banks	22,000,000	19,500,000	22,000,000	19,500,000
Cash and bank balances	2,642,135	1,547,901	2,642,135	1,547,901
	24,642,135	21,047,901	24,642,135	21,047,901

Deposits placed with licensed banks have maturity range from 30 days to 360 days (2008: 30 days to 360 days).

The interest rate of deposits as at 31 December 2009 range from 2.11% to 3.50% (2008: 3.15% to 4.20%) per annum.

20. Share capital

	Group and Company			
	2009	**2008**	**2009**	**2008**
	Number of Ordinary Shares		**RM**	**RM**
Ordinary Shares of RM1.00 each:				
Authorised:				
At 1 January/31 December	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
At 1 January/31 December	41,008,500	41,008,500	41,008,500	41,008,500

21. Treasury shares

	Group and Company			
	2009	**2008**	**2009**	**2008**
	Number of Ordinary Shares		**RM**	**RM**
At 1 January	1,642,100	-	1,112,112	-
Share purchased during the financial year	12,900	1,642,100	8,802	1,112,112
At 31 December	1,655,000	1,642,100	1,120,914	1,112,112

As at 31 December 2009, the number of outstanding ordinary shares in issue after deducting the treasury shares is 39,353,500 (2008: 39,366,400).

During the financial year, the Company repurchased 12,900 (2008: 1,642,100) of its issued ordinary shares from the open market on Bursa Malaysia for RM8,802 (2008: RM1,112,112). The average price paid for the shares repurchased was approximately RM0.68 (2008: RM0.68) per share.

The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of Companies Act, 1965. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares repurchased has been sold or cancelled as at 31 December 2009.

22. Reserves

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Distributable:				
Retained profits	9,680,241	10,991,822	9,021,360	14,299,476
Non-distributable:				
Currency translation reserve	-	5,578	-	-
	9,680,241	10,997,400	9,021,360	14,299,476

Prior to the year of assessment 2008, Malaysian companies adopted the full tax imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders (i.e. "the single tier system"). However, there is a transitional period of six (6) years, expiring on 31 December 2013, that allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 account balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 account balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 2007.

The Company did not elect for the irrevocable option to disregard its Section 108 account balance. Accordingly, during the transitional period, the Company may utilise its credits available in its Section 108 account as at 31 December 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act, 2007. As at 31 December 2009, the Company has tax exempt profits available for distribution, sufficient credit in its Section 108 account and tax exempt income account to frank dividends out of its entire retained profits.

23. Deferred tax liabilities

	Group and Company	
	2009	**2008**
	RM	**RM**
At 1 January	1,467,349	1,003,633
Transferred from income statement (Note 5)	38,243	463,716
	1,505,592	1,467,349

23. Deferred tax liabilities (continued)

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

	Property, plant and equipment RM	Unrealised loss RM	Provision for staff gratuity RM	Total RM
Deferred tax liabilities of the Group and the Company:				
At 1 January 2009	1,907,744	-	7,800	1,915,544
Recognised in income statement	46,527	-	(7,800)	38,727
At 31 December 2009	1,954,271	-	-	1,954,271
At 1 January 2008	1,279,880	2,747	-	1,282,627
Recognised in income statement	627,864	(2,747)	7,800	632,917
At 31 December 2008	1,907,744	-	7,800	1,915,544

	Provision RM
Deferred tax assets of the Group and the Company:	
At 1 January 2009	448,195
Recognised in income statement	484
At 31 December 2009	448,679
At 1 January 2008	278,994
Recognised in income statement	169,201
At 31 December 2008	448,195

24. Provision for staff gratuity

	Group and Company 2009 RM	Group and Company 2008 RM
At 1 January	1,273,829	583,310
Current year's provision	52,032	701,248
	1,325,861	1,284,558
Amount paid during the year	(60,425)	(10,729)
At 31 December	1,265,436	1,273,829

25. Trade payables

The normal trade credit terms granted to the Group range from 30 to 90 days.

26. Amounts due to Directors

This represents unsecured Directors' fees, which is interest-free and with no fixed terms of repayment.

27. Non-trade payables and accruals

	Group		**Company**	
	2009 RM	**2008 RM**	**2009 RM**	**2008 RM**
Non-trade payables	240,848	492,886	240,847	492,882
Retention sum	35,620	693,310	35,620	693,310
Accruals	762,038	704,973	755,696	699,957
	1,038,506	1,891,169	1,032,163	1,886,149

28. Significant related party transaction

		Transaction value		**Balance outstanding as at 31 December**	
Name of company	**Type of transaction**	**2009 RM**	**2008 RM**	**2009 RM**	**2008 RM**
With subsidiary:					
Advanced Packaging Investments (H.K.) Limited	Advances	(42,455)	8,547	-	7,370,129
Xiamen Jinjie Trading Co. Ltd.	Advances	(4,167)	-	-	4,167
With jointly controlled entity:					
Dalian Advanced Cement Co. Ltd	Advances	-	-	137,318	137,318

29. Segmental information

(a) ***Business segments***

Business segmental information has not been prepared as the Group's revenue, operating profit, assets and liabilities, depreciation, capital and non-cash expenditure are mainly confined to one (1) industry segment carried out in Malaysia, namely, the manufacturing and distribution of flexible packaging materials.

(b) ***Geographical segments***

The activities of the Group are mainly carried out in Malaysia. The Group operates in other countries as follows:

(i) Hong Kong - investment holding
(ii) The People's Republic of China - subsidiary which is dormant
- investment in joint venture which has yet to commence operations

Accordingly, the segmental information by geographical location is presented as below:

	Malaysia		**Outside Malaysia**		**Consolidated**	
	2009 RM	**2008 RM**	**2009 RM**	**2008 RM**	**2009 RM**	**2008 RM**
Segmental assets by location of assets	54,556,025	52,545,201	670,145	4,118,441	55,226,170	56,663,642

30. Contingent liability - secured

	Group and Company	
	2009	**2008**
	RM	**RM**
Bank guarantee given by financial institution to third party	107,700	100,300

31. Material litigation

On 22 March 2006, the Company as Plaintiff filed a claim against the Defendant for the outstanding amounts owing by the Defendant to the Company, amounting to RM18,805 only, for the goods sold by the Company to the Defendant and also for the part of the cost of cylinder use to produce the goods sold.

On 27 May 2008, the Company's solicitors informed that the Magistrate had on 29 April 2008 allowed the Defendant's application to amend their defence and counter claim to transfer the proceeding to the Muar Sessions Court. The Defendant's proposed amended defence and counter claim states that the Defendant purports to claim from the Company special damages amounting to RM227,916, general damages and interest.

The Court has fixed for mention on 2 January 2009. However, the Defendant's counsel has failed to present in Court on 2 January 2009, and thus the case was fixed for further mention on 6 February 2009.

Further than this, the Muar Sessions' Court fixed the case for further mention on 17 April 2009, 26 June 2009 and 31 July 2009 and hearing on 13 October 2009.

On 13 October 2009, the Defendant's lawyer had attended the Court and had withdrawn the Defendants' counter claim against the Company with no order as to costs and without liberty to file afresh.

The Company had also withdrawn its claim against the defendant with no order as to costs and without liberty to file afresh.

32. Financial instruments

Financial risk management objectives and policies

Exposure to credit, market, interest rate, liquidity risk and foreign exchange risk arise in normal course of the Group business. The Group's policies in managing these risks are summarised below:

Credit risk

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

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

32. **Financial instruments** (continued)

Interest rate risk

At the balance sheet date, the Group and the Company has no borrowings. As such, the exposure of Company to interest rate risk is minimal.

Market risk

The Group's principal exposure to market risk arises mainly from the economic performance of Malaysia.

Foreign exchange risk

The Group and the Company incur foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk are US Dollars, Brunei Dollar and Singapore Dollar. The exposure of foreign currency risk is monitored on an on-going basis.

The Group also has subsidiaries incorporated in foreign countries, of which at the moment are dormant. The main currency exposures are Hong Kong Dollar and Renminbi.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	Group	
	2009	**2008**
	RM	**RM**
Non-current assets		
Investment in jointly controlled entity	670,145	4,027,589

Liquidity risk

The Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows.

Fair values

In respect of financial instruments classified under current assets and current liabilities, the carrying amount approximate fair value due to relatively short term nature of these financial instruments.

32. Financial instruments (continued)

Recognised financial instruments

The aggregate fair value and the carrying amounts of the financial assets carried on the balance sheet as at 31 December 2009 are as below:

	2009		2008	
Group	**Carrying Amount RM**	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Financial assets				
Other investment	5,000,000	5,000,000	5,000,000	5,000,000

Fair value of other investment is based on manager's price as at the balance sheet date.

In the opinion of the Directors, it is not practicable to determine the fair values of amount due from subsidiaries and amount due from jointly controlled entity as the repayment terms are not fixed. However, the Directors do not anticipate that the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

33. General information

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

The registered office of the Company is located at Level 8, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Lot 2, Jalan P/2A, Kawasan MIEL, Bangi Industrial Estate, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.

The Company is principally engaged in the manufacturing and distribution of flexible packaging materials. The principal activities of the subsidiaries and jointly controlled entity are disclosed in Note 11 and Note 12 to the financial statements respectively.

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

The financial statements were approved and authorised for issue by the Board of Directors on 27 April 2010.