

## Audit Committee Report (cont'd)

### H. REPORTING OF BREACHES TO THE EXCHANGE

1. Where the Audit Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Malaysia Securities Berhad.

### Summary of Audit Committee's Activities

The Audit Committee carried out the following activities during the financial year ended 31 December 2008:-

- (a) reviewed the quarterly unaudited financial results and announcements and annual audited financial statements for recommendation and submission to the Board of Directors for approval and release to the Bursa Malaysia Securities Berhad.
- (b) reviewed the nature and scope of audit plan and audit fees with external auditors prior to the audit of the year- end financial statements and accounts.
- (c) reviewed and discussed with external auditors the assistance given to them by employees of the Company, the evaluation of the system of internal control, external auditor's report, recommendations, management letter and management's response in relation to the audit of the year- end financial statement and accounts.
- (d) met and discussed with representatives of Covenant Equity Consulting Sdn. Bhd on their proposals to provide internal audit services for 2008 and recommended the internal audit scope and plan for approval of the Board.
- (e) reviewed the internal audit programmes and reports prepared by Covenant Equity Consulting Sdn. Bhd and management's response to its findings and recommendations.

### Summary of Internal Audit Function's Activities

The internal audit function reports directly to the Audit Committee. Covenant Equity Consulting Sdn. Bhd (CEC) was engaged during the year to carry out internal audit function to ensure best practices are adopted in the system of internal control by the Company. It has drawn up an internal audit plan by adopting a risk-based approach. It provides independent assessment on the adequacy, efficiency and effectiveness of the Company's internal control system.

CEC carried out and completed audits of certain key business processes and principal risk areas during the year. It also performed follow-up review on actions taken by management in relation to the recommendations made in the previous audit. Internal audit reports were issued to the Company incorporating findings and recommendations. The Audit Committee reviewed and discussed the internal audit report and management's response and report the same to the Board of Directors for further action. Management is responsible for taking corrective actions within certain agreed time frame to ensure potential risk exposures over key business processes is properly addressed.

*This statement was made in accordance with a Board resolution passed on 28 April 2009.*

## Chairman's Statement

It is my pleasure to present to you on behalf of the Board of Directors, the Annual Report and the Audited Financial Statements of Advanced Packaging Technology (M) Bhd Group for the financial year ended 31 December 2008.

### OVERVIEW

The year 2008 was indeed a year full of unprecedented challenges. We witnessed the sharp changes in the pricing of crude oil and major commodities and the implosion of the US sub-prime market. The impact of which has now lead to widespread global credit crisis and economic adversities.

### FINANCIAL PERFORMANCE

The group achieved a turnover of RM26.17 million for the year ended 31 December 2008 which was 3.64% higher when compared to RM25.25 million recorded in the preceding financial year. However, net profit after tax for the year under review decreased by RM2.02 million or 63.72% to RM1.15 million from RM3.17 million in financial year 2007. Higher provision and impairment loss on investment in jointly controlled entity of RM1.85 million had contributed mainly to the sharp decrease in the net profit for the year.

### PROSPECTS

In view of the current global economic crisis and competitive market condition, the Board expects 2009 is a more challenging year for the Group and hence its performance. However, the future of the flexible packaging materials industry is still promising and growing in view of the higher demand for better flexible packaging requirements.

### DIVIDEND

Your Board of Directors has recommended a tax exempt final dividend of 4.50 sen per share (2007: 4.50 sen per share tax exempt) for the financial year ended 31 December 2008. The proposed dividend is subject to the approval of the shareholders at the Annual General Meeting to be held on 25 June 2009. No interim dividend was paid during the year (2007 : nil).

### CORPORATE DEVELOPMENT

As reported previously, the Company through its wholly owned subsidiary, Advanced Packaging Investments (H.K.) Limited (APIL) had on 02 December 2002, entered into a joint venture contract with Wafangdian Laohu Cement Company Ltd.(WLCC), a company incorporated in the People's Republic of China (PRC), to build a new clinker plant in the PRC.

However, the project is currently still not yet completed due to the financial problems faced by WLCC. Since there is no significant progress and development of the project, the Board has decided to recognize an impairment loss of RM1.85 million in the Group's Income Statement for the financial year ended 31 December 2008.

On 05 January 2009, the Board had resolved to wind-up the wholly-owned subsidiary in PRC, Xiamen Jinjie Trading Co. Ltd and an announcement was made to Bursa Malaysia Securities Berhad on the same day.

## Chairman's Statement (cont'd)

At the Extraordinary General Meeting held on 26 June 2008, the shareholders of the Company approved the buy-back of up to 10% of its issued and paid up capital. During the financial year, the Company repurchased from open market a total of 1,642,100 of its own shares for a total consideration (includes transaction cost) of RM1,112,112.00. These shares purchased were held as treasury shares.

### **ACKNOWLEDGEMENT**

On behalf of the Board, I would like to record our sincere thanks and deep appreciation to the management and staff for their hard work, dedication and commitment. I would also like to thank all our valuable customers, bankers, government authorities, business associates and shareholders for their continued support.

Chee Sam Fatt  
Chairman  
28 April, 2009

## 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 2008.

### 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	1,174,621	2,987,045
- discontinued operations	(22,646)	-
	<u>1,151,975</u>	<u>2,987,045</u>

### 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 RM1,845,382 in respect of the financial year ended 31 December 2007, on 18 July 2008.

In respect of the financial year ended 31 December 2008, the Directors recommend a final tax exempt dividend of 4.50% totaling RM1,771,488, subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

### Directors

Directors who served 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' Report (cont'd)

### Directors' interest in shares

The holdings and deemed holdings 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 1.1.2008	Bought	Sold	At 31.12.2008
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	29	10,000	-	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 2008 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.

## Directors' Report (cont'd)

### Share buy-back

On 26 June 2008, the Company obtained approval from the shareholders to buy-back its own shares. During the financial year, the Company bought back from the open market 1,642,100 of its issued Ordinary Shares of RM1 each ("APT Shares") listed on the Second Board of Bursa Securities at an average buy-back price of RM0.68 per Ordinary Share.

The total consideration paid for the share buy-back of APT Shares by the Company during the financial year, including transaction costs was RM1,112,112 and was financed by internally generated funds. 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.

As at 31 December 2008, the Company held 1,642,100 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 RM1,112,112.

### 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 in the financial statements of the Group and of the Company inadequate 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.

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.

## Directors' Report (cont'd)

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 2008 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 end and the date of this report.

Auditors

### **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

Dated : 28 April 2009

## 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 2008 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

Dated : 28 April 2009

## 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 on 28 April 2009

**TJIN KIAT @ TAN CHENG KEAT**

**YEO TEK LING**

Before me,

**COMMISSIONER FOR OATHS**  
**Mohd Radzi Bin Yasin**  
**(No. W 327)**



# 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 2008 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.

### *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 2008 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 on the impairment loss made on the investment in jointly controlled entity amounted to RM1.853 million during the financial year.

The Company 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. The Directors do not have further information and/or valuation report to ascertain the recoverable amount of the investment. As such, the Directors recognise a further impairment loss of RM1,852,774 (2007: RM Nil) during the financial year after considering the cost of inventories, deposits paid and other incidental costs incurred and capitalised in the capital work-in-progress of the jointly controlled entity which are deemed to be irrecoverable.

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 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 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 subsidiaries were not subject to any qualification or any adverse comment made under Section 174(3) of the Act.

#### **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  
AF0911  
CHARTERED ACCOUNTANTS

CHAU MAN KIT  
2525/03/10 (J)  
PARTNER

Kuala Lumpur

Dated : 28 April 2009

## Income Statements For The Financial Year Ended 31 December 2008

		Group		Company	
	Note	2008 RM	2007 RM	2008 RM	2007 RM
<b>Continuing operations:</b>					
Revenue	2	26,165,014	25,251,813	26,165,014	25,251,813
Other operating income		527,055	582,574	446,773	582,396
Changes in inventories of finished goods and work-in-progress		106,802	(76,263)	106,802	(76,263)
Raw materials used		(16,109,161)	(15,468,979)	(16,109,161)	(15,468,979)
Employee benefits	3	(3,658,212)	(3,036,663)	(3,658,212)	(3,036,663)
Impairment loss on investment in jointly controlled entity		(1,852,774)	-	-	-
Amortisation of prepaid lease payment		(7,390)	(7,390)	(7,390)	(7,390)
Depreciation		(1,135,875)	(1,206,018)	(1,135,875)	(1,206,018)
Other expenses		(2,961,440)	(2,593,083)	(2,921,508)	(2,441,435)
<b>Operating profits</b>	4	1,074,019	3,445,991	2,886,443	3,597,461
Interest income		914,123	965,778	914,123	964,316
<b>Profit before tax</b>		1,988,142	4,411,769	3,800,566	4,561,777
Tax expense	5	(813,521)	(1,244,664)	(813,521)	(1,244,664)
Profit for the financial year from continuing operations		1,174,621	3,167,105	2,987,045	3,317,113
<b>Discontinued operation:</b>					
Loss for the financial year from discontinued operation	6	(22,646)	-	-	-
<b>Profit for the financial year</b>		1,151,975	3,167,105	2,987,045	3,317,113
<b>Basic earnings per ordinary share (sen)</b>	7	2.83	7.72		
<b>Dividends per ordinary share (sen)</b>	8	4.50	3.50	4.50	3.50

## Balance Sheets As At 31 December 2008

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2008 RM</b>	<b>2007 RM</b>	<b>2008 RM</b>	<b>2007 RM</b>
<b>Non-current assets</b>					
Property, plant and equipment	9	14,600,559	7,835,292	14,600,559	7,835,292
Prepaid lease payments	10	563,425	570,815	563,425	570,815
Investment in subsidiaries	11	-	-	4,921	41,201
Investment in jointly controlled entity	12	4,027,589	5,880,363	-	-
Other investment	13	5,000,000	5,000,000	5,000,000	5,000,000
Amount due from subsidiaries	14	-	-	7,374,296	7,365,749
		<u>24,191,573</u>	<u>19,286,470</u>	<u>27,543,201</u>	<u>20,813,057</u>
<b>Current assets</b>					
Inventories	15	5,102,825	5,542,358	5,102,825	5,542,358
Trade receivables	16	5,484,243	5,271,118	5,484,243	5,271,118
Non-trade receivables, deposits and prepayments	17	746,248	530,993	746,248	517,983
Cash and cash equivalents	18	21,047,901	25,787,070	21,047,901	25,670,503
Assets of disposal group classified as discontinued operation	6	90,852	-	36,280	-
		<u>32,472,069</u>	<u>37,131,539</u>	<u>32,417,497</u>	<u>37,001,962</u>
<b>TOTAL ASSETS</b>		<u>56,663,642</u>	<u>56,418,009</u>	<u>59,960,698</u>	<u>57,815,019</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	19	41,008,500	41,008,500	41,008,500	41,008,500
Treasury shares	20	(1,112,112)	-	(1,112,112)	-
Reserves	21	10,997,400	11,665,144	14,299,476	13,157,813
<b>Total equity</b>		<u>50,893,788</u>	<u>52,673,644</u>	<u>54,195,864</u>	<u>54,166,313</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities	22	1,467,349	1,003,633	1,467,349	1,003,633
Provision for staff gratuity	23	1,273,829	583,310	1,273,829	583,310
		<u>2,741,178</u>	<u>1,586,943</u>	<u>2,741,178</u>	<u>1,586,943</u>
<b>Current liabilities</b>					
Trade payables	24	1,029,507	827,579	1,029,507	827,579
Amount due to Directors	25	108,000	108,000	108,000	108,000
Non-trade payables and accruals	26	1,891,169	946,333	1,886,149	850,674
Provision for taxation		-	275,510	-	275,510
		<u>3,028,676</u>	<u>2,157,422</u>	<u>3,023,656</u>	<u>2,061,763</u>
<b>TOTAL LIABILITIES</b>		<u>5,769,854</u>	<u>3,744,365</u>	<u>5,764,834</u>	<u>3,648,706</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>56,663,642</u>	<u>56,418,009</u>	<u>59,960,698</u>	<u>57,815,019</u>

## Statements Of Changes In Equity

For The Financial Year Ended 31 December 2008

Group	Note	Share Capital RM	Non-distributable Treasury shares RM	Translation reserve RM	Distributable Retained Profits RM	Total RM
At 1 January 2007		41,008,500	-	(64,743)	9,953,422	50,897,179
Currency translation differences representing income recognised directly in equity		-	-	44,658	-	44,658
Profit for the financial year		-	-	-	3,167,105	3,167,105
Total recognised income and expense for the year		-	-	44,658	3,167,105	3,211,763
Dividends	8	-	-	-	(1,435,298)	(1,435,298)
At 31 December 2007 /1 January 2008		41,008,500	-	(20,085)	11,685,229	52,673,644
Currency translation differences representing income 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 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

## Statements Of Changes In Equity

For The Financial Year Ended 31 December 2008 (cont'd)

Company	Note	Share Capital RM	Non- distributable Treasury shares RM	Distributable Retained profits RM	Total RM
At 1 January 2007		41,008,500	-	11,275,998	52,284,498
Profit for the financial year representing total recognised income and expense for the year		-	-	3,317,113	3,317,113
Dividends	8	-	-	(1,435,298)	(1,435,298)
At 31 December 2007/ 1 January 2008		41,008,500	-	13,157,813	54,166,313
Purchase of treasury shares		-	(1,112,112)	-	(1,112,112)
Net 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

## Cash Flow Statements For The Financial Year Ended 31 December 2008

	<b>Group</b>		<b>Company</b>	
	<b>2008 RM</b>	<b>2007 RM</b>	<b>2008 RM</b>	<b>2007 RM</b>
<b>Cash flows from operating activities</b>				
Profit/(Loss) before tax from:				
- continuing operation	1,988,142	4,411,769	3,800,566	4,561,777
- discontinued operations	(22,646)	-	-	-
Adjustments for:				
Amortisation of prepaid lease payment	7,390	7,390	7,390	7,390
Depreciation	1,135,875	1,206,018	1,135,875	1,206,018
Allowance for doubtful debts	318,217	1,596	318,217	1,596
Allowance for doubtful debts no longer required	(29,449)	(37,919)	(29,449)	(37,919)
Impairment loss on investment in jointly controlled entity	1,852,774	-	-	-
(Gain)/Loss on foreign exchange - unrealised	(3,532)	6,548	(3,532)	6,548
Investment income	(154,230)	(153,165)	(154,230)	(153,165)
Gain on disposal of property, plant and equipment	(5,821)	(19,698)	(5,821)	(19,698)
Interest income	(914,123)	(965,778)	(914,123)	(964,316)
Property, plant and equipment written off	50,120	168	50,120	168
Provision for staff gratuity	701,248	53,287	701,248	53,287
Bad debts written off	3,252	-	3,252	-
Inventory written off	23,968	28,534	23,968	28,534
<b>Operating profit before working capital changes</b>	<b>4,951,185</b>	<b>4,538,750</b>	<b>4,933,481</b>	<b>4,690,220</b>
Decrease in inventories	415,565	162,512	415,565	162,512
(Increase)/Decrease in receivables	(582,782)	4,863,659	(621,455)	713,798
Increase/(Decrease) in payables	453,454	(1,359,351)	544,093	(1,246,049)
<b>Cash generated from operations</b>	<b>5,237,422</b>	<b>8,205,570</b>	<b>5,271,684</b>	<b>4,320,481</b>
Income tax paid	(733,738)	(1,557,295)	(733,738)	(1,557,295)
Staff gratuity paid	(10,729)	(37,564)	(10,729)	(37,564)
<b>Net cash from operating activities</b>	<b>4,492,955</b>	<b>6,610,711</b>	<b>4,527,217</b>	<b>2,725,622</b>

## Cash Flow Statements For The Financial Year Ended 31 December 2008 (cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Cash flows from investing activities</b>				
(Advances to)/Repayment from subsidiaries	-	-	(8,547)	3,997,265
Interest income received	914,123	965,778	914,123	964,316
Investment income received	154,230	153,165	154,230	153,165
Proceeds from disposal of property, plant and equipment	6,150	21,000	6,150	21,000
Acquisition of property, plant and equipment (i)	(7,258,281)	(280,202)	(7,258,281)	(280,202)
<b>Net cash (used in)/generated from investing activities</b>	<b>(6,183,778)</b>	<b>859,741</b>	<b>(6,192,325)</b>	<b>4,855,544</b>
<b>Cash flows from financing activities</b>				
Dividend paid	(1,845,382)	(1,435,298)	(1,845,382)	(1,435,298)
Purchase of treasury shares	(1,112,112)	-	(1,112,112)	-
<b>Net cash used in financing activity</b>	<b>(2,957,494)</b>	<b>(1,435,298)</b>	<b>(2,957,494)</b>	<b>(1,435,298)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,648,317)</b>	<b>6,035,154</b>	<b>(4,622,602)</b>	<b>6,145,868</b>
<b>Cash and cash equivalents at 1 January</b>	<b>25,787,070</b>	<b>19,751,916</b>	<b>25,670,503</b>	<b>19,524,635</b>
<b>Cash and cash equivalents at 31 December (ii)</b>	<b>21,138,753</b>	<b>25,787,070</b>	<b>21,047,901</b>	<b>25,670,503</b>



## Cash Flow Statements For The Financial Year Ended 31 December 2008 (cont'd)

(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 RM7,951,591 (2007: RM280,202) of which RM693,310 (2007: Nil) was retained as retention sum as disclosed in note 26.

(ii) **Cash and cash equivalents**

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

	<b>Group</b>		<b>Company</b>	
	<b>2008 RM</b>	<b>2007 RM</b>	<b>2008 RM</b>	<b>2007 RM</b>
Cash and bank balances	1,547,901	2,287,070	1,547,901	2,170,503
Deposits with licensed banks	19,500,000	23,500,000	19,500,000	23,500,000
Assets of disposal group classified as discontinued operation (Note 6)				
- cash and bank balance	90,852	-	-	-
	<u>21,138,753</u>	<u>25,787,070</u>	<u>21,047,901</u>	<u>25,670,503</u>

## Notes to the Financial Statements at 31 December 2008

### 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 except for the adoption of the following new and revised Financial Reporting Standards ("FRS") issued by Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for the financial period beginning on or after 1 July 2007 as follows:

FRS/Interpretations	Effective date
FRS 107, Cash Flow Statements	1 July 2007
FRS 112, Income Taxes	1 July 2007
FRS 118, Revenue	1 July 2007
FRS 134, Interim Financial Reporting	1 July 2007
FRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operations	1 July 2007

Other than the expanded disclosure requirements as shown in the notes to the financial statements, the adoption of the above FRS does not have significant financial impact on the financial statements of the Group and of the Company.

The following FRS were issued but not yet effective and have not been applied by the Company:

FRS 7, Financial Instrument : Disclosures	1 January 2010
FRS 139, Financial Instrument: Recognition and Measurement	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

The Group and the Company will apply the above-mentioned Standards and Interpretations for the annual period beginning 1 January 2010.

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 respective FRSs.

The adoption of IC Interpretation 9 and IC interpretation 10 does not have significant financial impact on the financial statements of the Group and of the Company.

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

## Notes to the Financial Statements at 31 December 2008 (cont'd)

### 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.

##### 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.

## Notes to the Financial Statements at 31 December 2008 (cont'd)

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 crystallising 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.

(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.

## Notes to the Financial Statements at 31 December 2008 (cont'd)

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

#### (b) Basis of consolidation (continued)

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.

##### (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 expenditures 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

## Notes to the Financial Statements at 31 December 2008 (cont'd)

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.

(e) **Leased assets**

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 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).

## Notes to the Financial Statements at 31 December 2008 (cont'd)

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

#### (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.

#### (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) Taxation

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.

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

## Notes to the Financial Statements at 31 December 2008 (cont'd)

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 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 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 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.

### (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.



## Notes to the Financial Statements at 31 December 2008 (cont'd)

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

#### (o) Impairment (continued)

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.

#### (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.

## Notes to the Financial Statements at 31 December 2008 (cont'd)

- all resulting exchange difference are recognised as a separate component of equity.

When a foreign operation is partially disposed of or sold, exchange differences 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:

	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
1 US Dollar	3.44	3.31
1 Brunei Dollar	2.37	2.27
1 Singapore Dollar	2.37	2.27
100 Thai Baht	8.98	10.12
100 Hong Kong Dollar	45.20	43.53
100 Renminbi	50.76	45.27

### (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.

## Notes to the Financial Statements at 31 December 2008 (cont'd)

### 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

	<b>Group and Company</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Salaries, wages, allowances, bonus and overtime	1,928,897	1,991,280
Contributions to defined contribution plan	195,753	196,221
Social security contributions	22,361	22,761
Other benefits	888,104	210,772
	<u>3,035,115</u>	<u>2,421,034</u>

#### (b) Directors' remuneration

Directors of the Company:\*

Executive:

Salaries and other emoluments	429,942	433,871
Contribution to defined contribution plan	85,155	73,758
Fees	24,000	24,000
Estimated money value of benefits-in-kind	50,750	50,750
	<u>589,847</u>	<u>582,379</u>

Non-executive

Fees	84,000	84,000
Salaries and other emoluments	-	-
	<u>84,000</u>	<u>84,000</u>

Total Directors' remuneration	<u>673,847</u>	<u>666,379</u>
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Total excluding benefits-in-kind	<u>623,097</u>	<u>615,629</u>
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Total staff costs	<u>3,658,212</u>	<u>3,036,663</u>
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## Notes to the Financial Statements at 31 December 2008 (cont'd)

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

	<b>Numbers of Directors</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Executive Directors:		
Below RM50,000	-	-
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
Above RM150,000 to RM600,000	2	2
	<u>2</u>	<u>2</u>
Non-executive Directors:		
Below RM50,000	7	7
RM50,001 to RM100,000	-	-
	<u>7</u>	<u>7</u>

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 (2007: 92 and 92) respectively.

### 4. Operating profits

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Operating profit is arrived at after charging/(crediting):				
Auditors' remuneration	36,370	31,968	30,000	27,000
Allowance for doubtful debts	318,217	1,596	318,217	1,596
Amortisation of prepaid lease payment	7,390	7,390	7,390	7,390
Inventories written off	23,968	28,534	23,968	28,534
(Gain)/Loss on foreign exchange				
- realised	(50,266)	17,031	(50,155)	17,031
- unrealised	(3,532)	6,548	(3,532)	6,548
Property, plant and equipment written off	50,120	168	50,120	168
Provision for staff gratuity	701,248	53,287	701,248	53,287

## Notes to the Financial Statements at 31 December 2008 (cont'd)

### 4. Operating profits (continued)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Impairment of investment in jointly controlled entity	1,852,774	-	-	-
Bad debts written off	3,252	-	3,252	-
Gain on disposal of property, plant and equipment	(5,821)	(19,698)	(5,821)	(19,698)
Interest income	(914,123)	(965,778)	(914,123)	(964,316)
Investment income	(154,230)	(153,165)	(154,230)	(153,165)

Estimated cash value of benefits-in-kind for the executive Directors are RM50,750 and RM50,750 (2007: RM50,750 and RM50,750) for the Group and the Company respectively.

### 5. Tax expense

	Group/Company	
	2008 RM	2007 RM
Tax expense on continuing operations	813,521	1,244,664
Tax expense on discontinued operation (Note 6)	-	-
Total tax expense	813,521	1,244,664
Current tax expense		
- current year	336,647	1,375,375
- under provision in prior years	13,158	(1,072)
	349,805	1,374,303
Deferred tax expense (Note 22)		
- current year	500,772	(128,689)
- (over)/under provision in prior years	(121)	40,988
- changes in tax rates	(36,935)	(41,938)
	463,716	(129,639)
	813,521	1,244,664

## Notes to the Financial Statements at 31 December 2008 (cont'd)

### 5. Tax expense (continued)

#### Reconciliation of effective tax expense

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before tax	1,965,496	4,411,769	3,800,566	4,561,777
Tax at Malaysian tax rates of 26% (2007: 27%)	511,029	1,191,178	988,147	1,231,680
Non deductible expenses	593,258	64,632	105,649	64,632
Non taxable income	(40,100)	(41,355)	(40,100)	(41,355)
Changes in tax rate	(36,935)	(41,938)	(36,935)	(41,938)
Tax losses not recognised	(10,491)	40,502	-	-
Double deduction	(216,277)	(8,271)	(216,277)	(8,271)
	800,484	1,204,748	800,484	1,204,748
Deferred tax (over)/under recognised	(121)	40,988	(121)	40,988
Under/(Over) provision in prior years	13,158	(1,072)	13,158	(1,072)
	813,521	1,244,664	813,521	1,244,664

Tax profit and losses not recognised relates to the profit and losses before tax of the subsidiary, which is incorporated in Hong Kong amounting to approximately RM40,351 (2007: RM150,008).

### 6. Disposal group classified as discontinued operation

	The Group carrying amount as at 2008 RM	The Company carrying amount as at 2008 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"). On the same date, an announcement was made on Bursa Malaysia Securities Berhad. Accordingly, XJTC is classified as a disposal group classified as discontinued operation.

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

	Group	
	2008 RM	2007 RM
Revenue	-	-
Pre-operating expenses written off	22,646	-
Loss before tax	22,646	-
Tax expense	-	-
Loss for the financial year	22,646	-

## Notes to the Financial Statements at 31 December 2008 (cont'd)

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

- (b) The major class of assets of XJTC classified as discontinued operation as at 31 December 2008 (after eliminating inter-company items) is as follows:

	Group	
	2008 RM	2007 RM
Assets:		
Non-trade receivables, deposit and prepayments	-	13,010
Cash and bank balances	90,852	116,567
	<hr/>	<hr/>
Asset of disposal group classified as held for sale	90,852	129,577
	<hr/>	<hr/>

- (c) Profit before tax of XJTC:

	Group	
	2008 RM	2007 RM
Pre-operating expenses written off	22,646	-
	<hr/>	<hr/>

### 7. Basic earnings per ordinary share

Basic 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 treasury shares held by the Company calculated as follows:

	2008	2007
Profit attributable to ordinary shareholders of the Company (RM)	1,151,975	3,167,105
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue, net of treasury shares	40,730,217	41,008,500
	<hr/>	<hr/>
Basic earning per share (sen)	2.83	7.72
	<hr/>	<hr/>

The Group and the Company have no diluted earnings per share.

## Notes to the Financial Statements at 31 December 2008 (cont'd)

### 8. Dividends per ordinary share

Dividends recognised by the Company are:

	% per share (net of tax)	Total amount RM	Date of payment
In respect of financial year ended 31 December 2006:			
Final dividend	3.50	1,435,298	20 July 2007
In respect of financial year ended 31 December 2007:			
Final dividend	4.50	1,845,382	18 July 2008

The Board recommends a final tax exempt dividend at 4.50% for the financial year ended 31 December 2008, 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
<b>Cost</b>					
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
<b>Accumulated depreciation</b>					
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
<b>Net book value</b>					
At 31 December 2008	3,287,409	10,899,794	97,841	315,515	14,600,559



## Notes to the Financial Statements at 31 December 2008 (cont'd)

### 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
<b>Cost</b>					
At 1 January 2007	4,271,129	19,570,978	526,670	1,128,438	25,497,215
Additions	-	105,830	35,810	138,562	280,202
Disposals	-	(31,525)	(6,506)	(107,932)	(145,963)
At 31 December 2007	4,271,129	19,645,283	555,974	1,159,068	25,631,454
<b>Accumulated depreciation</b>					
At 1 January 2007	1,599,808	14,198,383	418,074	518,373	16,734,638
Charge for the year	94,255	864,799	39,146	207,818	1,206,018
Disposals	-	(31,460)	(6,404)	(106,630)	(144,494)
At 31 December 2007	1,694,063	15,031,722	450,816	619,561	17,796,162
<b>Net book value</b>					
At 31 December 2007	2,577,066	4,613,561	105,158	539,507	7,835,292

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 of 31 December 2008:

	2008 RM	2007 RM
At cost:		
Plant, machinery and tools	11,244,388	9,639,526
Furniture, fittings and equipment	380,245	365,867
Motor vehicles	39,109	39,109
Building	4,674	4,674
	11,668,416	10,049,176

## Notes to the Financial Statements at 31 December 2008 (cont'd)

### 10. Prepaid lease payments

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

	Leasehold land Unexpired period more than 50 years RM
<b>Group/Company</b>	
Cost	
At 1 January 2007/31 December 2007	739,000
<b>Amortisation</b>	
At 1 January 2007	160,795
Amortisation for the year	7,390
At 31 December 2007	168,185
<b>Carrying amounts</b>	
At 31 December 2007	570,815

## Notes to the Financial Statements at 31 December 2008 (cont'd)

### 11. Investment in subsidiaries

	<b>Company</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
Unquoted shares at cost	41,201	41,201
Reclassified as asset of disposal group classified as discontinued operation (Note 6)	(36,280)	-
	<u>4,921</u>	<u>41,201</u>

The details of the subsidiaries are as follows:

<b>Name of companies</b>	<b>Place of incorporation</b>	<b>Percentage of equity held</b>		<b>Principal activities</b>
		<b>2008</b>	<b>2007</b>	
Advanced Packaging Investments (H.K.) Limited*	Hong Kong	100%	100%	Investment holding company.
Xiamen Jinjie Trading** Co. Ltd.	Xiamen	100%	100%	The company has not commenced operation. The intended principal activity is that of trading of packaging materials.

\* The Auditors' Report on the financial statements of this subsidiary for the financial year ended 31 December 2008 have been modified by way of emphasis of matter on the uncertainties over the ability of the Company to continue as going concern and the Company has not prepared and presented separately the consolidated financial statements required by HKAS 27 "Consolidated and Separate Financial Statements".

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

	<b>Group</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
Share of net assets of jointly controlled entity	4,027,589	5,880,363
Unquoted shares, at cost	6,531,363	6,531,363
Accumulated impairment losses	(2,503,774)	(651,000)
	<u>4,027,589</u>	<u>5,880,363</u>