

2007

ANNUAL REPORT
LAPORAN TAHUNAN



**advanced packaging
technology (M) BHD.**

(82982-K)

先進包裝工業(馬)有限公司



CERT. NO. 601178

The Company and Its Business

Advanced Packaging Technology (M) Bhd was incorporated in Malaysia under the Companies Act, 1965 on 31 March 1982 as a private limited company under the name of Goyo Corporation (M) Sdn Bhd. The Company subsequently changed its name to Advanced Packaging Technology (M) Sdn Bhd on 09 June 1982 and was converted to a public company on 27 May 1993. It was listed on the Second Board of the Bursa Malaysia Securities Berhad on 27 May 1994.

An ISO 9001 certified company, Advanced Packaging Technology (M) Bhd is principally engaged in the manufacturing and distribution of flexible packaging materials. The Company commenced operations in April 1985 at its present location at the Bangi Industrial Estate, Selangor Darul Ehsan. Its office, factory and warehouse is sited on a 8,903 square meter ("sq m") 99-year leasehold land.

The Company produces high-quality flexible packaging materials catering to a wide cross-section of industries in both the local and overseas markets such as snack foods, instant noodles, sweets and confectionery, liquid condiments, frozen foods, spices, beverages, medical/ surgical products and pharmaceuticals, among others. Our range of flexible packaging material comprises both single and multi-layers that carry appealing designs. Through close consultation with clients, we tailor-make our products according to their precise specification and design in both roll and pouch form.

Flexible packaging materials are generally made of a composite of various base films, papers or foil which are laminated so that the resultant laminates have more enhanced properties than its original substrates. The basic materials used include oriented polypropylene (OPP) film, cellulosic film, polyester film, nylon film, aluminium foil, metallised films, specialty films, linear low density polyethylene (LLDPE) film, poster paper, polyethylene and polypropylene resin.

Efficient packaging is a must for any product in this modern era. Without it, the brand image and integrity, as well as the quality built into the product during manufacturing and marketing, will be lost when it reaches the consumer. Correct packaging is the principal way of ensuring safe delivery of the product to the end-user in good condition at an economic cost. At Advanced Packaging Technology (M) Bhd, we use our specialised knowledge and skills, as well as specific machinery and facilities to deliver excellence in quality and service to each client.

In the pursuit of our commitment in quality, the Company's Quality Management System was first assessed by Zurich Certification Limited, United Kingdom and found to comply with BS EN ISO 9002:1994 standard and the certificate of registration was issued on 8 December 2000. The Quality Management System was subsequently upgraded and certified to BS EN ISO 9001:2000 by Independent European Certification Limited, United Kingdom on 21 December 2003 and it was revised on 30 January 2007. The certification scope covers "Design, Manufacturing and Supply of Flexible Packaging Materials and Blown Film".

Advanced Packaging Technology (M) Bhd currently also produces linear low density polyethylene (LLDPE) film mainly for its internal consumption.

The Company has two wholly-owned subsidiaries namely Advanced Packaging Investments (H.K.) Limited, an investment holding company incorporated in Hong Kong and Xiamen Jinjie Trading Co. Ltd., a company incorporated in The People's Republic of China, which has not commenced operation.

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty Sixth Annual General Meeting of Advanced Packaging Technology (M) Bhd ("Company") will be held at Hotel Equatorial Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 26 June 2008 at 11.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2007 and the Directors' and Auditors' Reports thereon. **Resolution 1**
2. To approve the payment of a tax exempt final dividend of 4.5% for the year ended 31 December 2007. **Resolution 2**
3. To approve the payment of Directors' Fees of RM108,000.00 for the year ended 31 December 2007. (2006: RM81,000.00) **Resolution 3**
4. To re-elect the following Directors who retire in accordance with Article 80 of the Company's Articles of Association:
 - (a) Mr Tjin Kiat @ Tan Cheng Keat; and **Resolution 4**
 - (b) Mr Mah Siew Seng. **Resolution 5**
5. To re-appoint the following Directors pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the next annual general meeting of the Company:
 - (a) Mr Chee Sam Fatt; **Resolution 6**
 - (b) Dato' Law Sah Lim; and **Resolution 7**
 - (c) Datuk Ismail bin Haji Ahmad. **Resolution 8**
6. To re-appoint Messrs PKF as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 9**
7. To transact any other ordinary business for which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders, a tax exempt final dividend of 4.5% in respect of the financial year ended 31 December 2007 will be paid on 18 July 2008 to shareholders whose names appear in the Company's Record of Depositors on 7 July 2008.

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

- a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 7 July 2008 in respect of ordinary transfers; and
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

GOON KOK KEONG
(MAICSA 0698849)
Company Secretary

Petaling Jaya
Selangor Darul Ehsan
29 May 2008

NOTES:

A member of the Company entitled to attend and vote at this meeting may appoint a proxy or proxies to vote in his stead. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.

The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney duly authorised.

The instrument appointing a proxy must be deposited at the Company's Registered Office at 23B, Jalan 52/1, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time appointed for holding the meeting or any adjournment thereof.

Statement Accompanying The Notice of Annual General Meeting

1) NAMES OF DIRECTORS STANDING FOR RE-ELECTION

The names of the Directors standing for re-election at the forthcoming Twenty-sixth Annual General Meeting are as follows:-

Under Article 80 of the Company's Articles of Association

- a) Tjian Kiat @ Tan Cheng Keat
- b) Mah Siew Eng

Under Section 129(6) of the Companies Act, 1965

- a) Chee Sam Fatt
- b) Dato' Law Sah Lim
- c) Datuk Ismail bin Haji Ahmad

2) DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

The number of Board of Directors' Meetings held and attendance by directors during the financial year ended 31 December 2007 are as follows:-

NAME OF DIRECTORS	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
Chee Sam Fatt	4	4
Tjin Kiat @ Tan Cheng Keat	4	4
Yeo Tek Ling	4	4
Dato' Law Sah Lim	4	4
Eu Hock Seng	4	4
Ng Choo Tim	4	4
Dato' Haji Ghazali b. Mat Ariff	4	4
Datuk Ismail bin Haji Ahmad	4	4
Mah Siew Seng	4	2

3) PLACE, DATE AND HOUR OF THE TWENTY-SIXTH ANNUAL GENERAL MEETING

The Twenty-sixth Annual General Meeting of the Company will be held at Hotel Equatorial Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 28 June 2008 at 11.00a.m.

4) DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

The details of the directors standing for re-election at the forthcoming Twenty-sixth Annual General Meeting are set out on pages 6 to 9 of the Annual Report.

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

Goon Kok Keong
(MAICSA 0698849)

AUDITORS

PKF
AF 0911
Chartered Accountants

AUDIT COMMITTEE

Dato' Haji Ghazali b. Mat Ariff (Chairman)
- Independent Non-Executive Director
Datuk Ismail bin Haji Ahmad
- Non-Independent Non-Executive Director
Mah Siew Seng
- Independent Non-Executive Director

NOMINATION COMMITTEE

Datuk Ismail bin Haji Ahmad (Chairman)
- Non-Independent Non-Executive Director
Eu Hock Seng
- Independent Non-Executive Director
Ng Choo Tim
- Independent Non-Executive Director

REMUNERATION COMMITTEE

Chee Sam Fatt (Chairman)
- Non-Independent Non-Executive Director
Dato' Haji Ghazali b. Mat Ariff
- Independent Non-Executive Director
Mah Siew Seng
- Independent Non-Executive Director

REGISTERED OFFICE

23B Jalan 52/1
46200 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7960 0648
Fax: 03-7957 0094

REGISTRAR & SHARE TRANSFER OFFICE

Symphony Share Registrars Sdn. Bhd.
Level 26, Menara Multi Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-2721 2222
Fax: 03-2721 2530

PRINCIPAL BANKER

CIMB Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
- Second Board

Directors' Profile

CHEE SAM FATT*

Singaporean

Chairman (Non-Independent Non-Executive Director)

One of the founder director of the Company, Mr Chee Sam Fatt, aged 72 years was appointed to the Board on 31 March 1982. He is currently the Chairman of the Board and the Remuneration Committee.

Mr Chee held directorships in several private limited companies which were involved in construction and building materials, property development, importation and installation of marble, machine joinery works and assembly and retailing of electrical goods.

He does not have any family relationship with any director. He is the husband of Madam Lee Ng Mah @ Lee Wai Chan who is a substantial shareholder of the Company. He does not have any conflict of interest with the Company and has no record of conviction for any offence within the past ten years. He holds 20,250 ordinary shares in the Company.

TJIN KIAT @ TAN CHENG KEAT*

Malaysian

Managing Director (Non-Independent Executive Director)

Mr Tan Cheng Keat, aged 69 years, is one of the founder directors of the Company. He was appointed to the Board on 31 March 1982. On 1 May 1986, he was appointed a full time Executive Director and subsequently served as Managing Director of the Company since his appointment on 29 June 1989. He is the principal officer of the Company and is responsible for the overall management of the Company's business as well as spearheading its future direction.

He had many years of marketing experience prior to joining the Company. He held various marketing and sales positions which included serving as Sales Manager of Advanced Electronics (M) Sdn Bhd ("AE") for thirteen years. He was appointed as a director of AE in 1980.

Mr Tan does not hold any other directorships in public companies and does not have any family relationship with any director and/or major shareholder of the Company. He is the registered holder of 3,100,178 ordinary shares in the Company. He has not been convicted of any offence in the past ten years and has no conflict of interest with the Company.

YEO TEK LING

Malaysian

Finance Director (Non-Independent Executive Director)

Mr. Yeo Tek Ling, aged 49 years, is a Chartered Management Accountant by profession. He was appointed to the Board on 6 January 1994 and assumed the position of Finance Director in January 1996. He first joined the Company in October 1985 as an Accountant and subsequently became the Finance & Administration Manager and Corporate Planner. Prior to joining the Company, he was attached to Associate Pan Malaysia Cement Sdn Bhd as an Assistant Accountant for three years.

While he is primarily overseeing the accounting, financial, taxation, corporate, supply chain and administrative matters of the Company, he also assists the Managing Director in management and other operational matters. Mr. Yeo was instrumental in assisting the Company obtain public listing in 1994 and the ISO 9002 certification in year 2000 as well as the subsequent upgrading to ISO 9001:2000 in 2003.

Mr. Yeo is a member of the Malaysian Institute of Accountants (MIA) and the Chartered Institute of Management Accountants (CIMA), U.K. He is currently a council member of MIA and CIMA, Malaysia Division and was a member of the Professional Accountants in Business Committee of the International Federation of Accountants, New York.

He is not a director of any other public companies. He does not have any family relationship with any director and/or major shareholder of the Company. There is no conflict of interest between him and Company and he has not been convicted of any offence within the past ten years. He holds 24,338 ordinary shares in the Company.

DATO' LAW SAH LIM*

Malaysian

Director (Non-Independent Non-Executive Director)

Dato' Law Sah Lim, aged 78 years, is one of the founder directors of the Company and was appointed a Board member on 31 March 1982. He served as Chairman of the Company since his appointment to the Board and resigned on 1 January 2003.

With over four decades of experience in various businesses such as the motor vehicle trade, food manufacturing, sales and assembly of electrical products, leasing, credit and financing, he sits on the Board of several private limited companies. He is not a director of any other public company.

Dato' Law does not have any family relationship with any director of the Company. He is the father-in-law of Mr. Wong Chee Weng who is a substantial shareholder of the Company. He does not have any conflict of interest with the Company. He has not been convicted of any offence within the past ten years. He holds 10,029 ordinary shares of RM1.00 each in the Company.

EU HOCK SENG

Singaporean

Director (Independent Non-Executive Director)

Mr. Eu Hock Seng, a founder director of the Company, aged 68 years, was appointed to the Board on 31 March 1982. He currently serves as a member of the Nomination Committee.

He holds a Bachelor of Science (Electronic Engineering) degree from Waseda University of Japan. He was the Head of Manufacturing Department of Setron (S) Ltd, factory manager of East Coast Electronics Sdn Bhd in Malaysia. He also taught the Japanese language at the Singapore National Trade Union Co-operative.

Mr Eu does not have any family relationship with any director and/or major shareholder of the Company. There is no conflict of interest between him and the Company and he has not been convicted of any offence within the past ten years. He is not a director of any other public companies. He holds 22,421 ordinary shares in the Company.

Directors' Profile (cont)

NG CHOO TIM

Malaysian

Director (Independent Non-Executive Director)

Mr Ng, aged 56 years, was appointed to the Board on 29 June 1989. He is a member of the Nomination Committee.

He has been a partner of Syarikat Guan Seng for many years, a company trading in electrical products and furniture.

He does not have any family relationship with any director and / or major shareholder. There is no conflict of interest between him and the Company. He has not been convicted of any offences within the past ten years. He does not hold directorships in any other public companies. He holds 1,296,594 ordinary shares in the Company.

DATO' HAJI GHAZALI B. MAT ARIFF

Malaysian

Director (Independent Non-Executive Director)

Dato' Haji Ghazali B. Ariff, aged 67 years, is an Advocate & Solicitor by profession. He was appointed to the Board on 23 March 1994 and is the Chairman of the Audit Committee and a member of the Remuneration Committee.

He qualified as a Barrister-at-Law from Lincoln's Inn, London and was called to the English Bar on 21 November 1978. He was admitted as an Advocate & Solicitor of the High Court Malaya on 27 September 1979. He set up a legal firm now known as Messrs Ghazali Ariff & Partners in March 1980 and is currently the Senior Partner of the firm. From 1979 to 1980 he worked as a legal assistant at Messrs Nik Hussain, Ibrahim & Abdullah, Kuala Lumpur. Prior to that he was a college trained teacher from 1962 to 1968 and a lecturer in Sultan Hassanah Bolkiah Teachers' Training College, Bandar Seri Begawan, Brunei Darussalam from 1968 to 1974.

Dato' Haji Ghazali is a director of Eden Enterprises (M) Bhd., and a director of Amalgamated Industrial Steel Berhad, both companies are listed on the Bursa Malaysia Securities Berhad (formerly known as Malaysian Securities Exchange Berhad). He also sits on the Board of several private limited companies. He is the Vice President of Jemaah Dato'-Dato' Perlis.

He has no conflict of interest with the Company. He has not been convicted of any offence within the past ten years. He does not have any family relationship with any director and/or major shareholder of the Company. He does not hold any shares in the Company.

DATUK ISMAIL BIN HAJI AHMAD*

Malaysian

Director (Non-Independent Non-Executive Director)

A Permodalan Nasional Berhad nominee director, Datuk Ismail bin Haji Ahmad, aged 71 years, was appointed to the Board on 30 December 1998. He is the Chairman of the Nomination Committee and a member of the Audit Committee.

He holds a Bachelor of Arts (Hons) degree from the University of Malaya, and a Master degree in Public Policy and Administration from the University of Wisconsin, United States of America. He has attended the Senior Management Programme conducted by the Harvard Business School.

Datuk Ismail joined the Administrative and Diplomatic Service in 1964 and had served in the Prime Minister's Department, Ministry of Home Affairs and Ministry of Primary Industries. He served as the Chief Executive Officer of the Commodities Trading Commission from 1981 to 1995. Datuk Ismail was the Chairman of Bank Muamalat Malaysia Berhad from 1999 to 2004. Currently, he is a non-executive director of Manulife Insurance (M) Berhad and Tracoma Berhad and Group Chairman of Maser (M) Sdn Bhd.

There is no conflict of interest between him and the Company. He has not been convicted of any offence within the past ten years. He does not have any family relationship with any director and/or major shareholder of the Company. He does not hold any shares in the Company.

MAH SIEW SENG*

Malaysian

Director (Independent Non-Executive Director)

Mr. Mah Siew Seng, aged 55, a Chartered Certified Accountant by profession, was appointed to the Board on 23 March 1994. He is a member of both the Audit Committee and the Remuneration Committee.

He is a member of the Malaysian Institute of Accountants, a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Malaysian Institute of Taxation. He practices as a Chartered Accountant in Teluk Intan under the name of Mrssrs. Mah Siew Seng & Co since 1982.

Mr. Mah does not have any family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and does not hold any shares in the Company. He has not been convicted of any offence within the past ten years. He does not hold directorships in any other public companies but sits on the Board of several private limited companies.

**Directors standing for re-election.*

Corporate Social Responsibility Statement

The Board of Directors of Advanced Packaging Technology (M) Bhd. recognises the importance of playing its role in Corporate Social Responsibility (CSR). The Company has been mindful of its CSR towards the community, environment, its employees, shareholders and other stakeholders.

The Company currently emphasizes CSR in four areas namely the Workplace, the Community, the Environment and the Marketplace. The Company's initiatives in fostering CSR is an ongoing commitment and some of the activities undertaken in this regard are:

1) The Workplace

The Company places an importance to its human capital as its valuable asset. Both external and in-house training programmes were provided or conducted on a regular basis to enhance the skill and knowledge of employees. It believes continuous learning and training will improve competencies and job performance of the employees and ultimately contributes positively to the company.

It has also provided a safe and healthy working condition for its employees. Protective gears were given to its factory and production staff/workers. A Safety and Health Committee was in place to oversee the safety and occupational health issues in the workplace. Preventive actions and mitigation measures such as fire drills and safety briefing were conducted on site.

2) The Community

Employment and job opportunities were created mainly for local people particularly the fresh graduates/school leavers and unskilled workers. This will help the government in overcoming unemployment and reduce social ills of the youth and improve the standard of living of the people.

The Company provides some flexibility for some of its employees in volunteering their time and efforts in serving certain relevant trade and professional organizations.

3) The Environment

The Company has been pro-active in playing its role in preserving the environment on the site in which it operates. Measures were taken to ensure compliance with existing laws and regulations. Initiatives taken so far includes the following: recycling of certain discarded raw materials to reduce waste; using licenced contractor for scheduled waste disposal in compliance with the relevant regulations; replacing diesel usage with natural gas as fuel for boilers to reduce air pollution; reusing and recycling of paper and stationery ; setting appropriate temperature for using air-conditioners and switching off lighting whenever possible.

4) The Marketplace

The Company strives to operate with good governance and sound management in order to enhance stakeholders' value. It believes in working in partnership with major customers and suppliers to create better value for both organizations in the long run.

With the ISO 9001 Quality Management System certification, the Company has a competitive edge over those without it to market its products both locally and oversea

This statement was approved by the Board on 24 April 2008

Statement on Corporate Governance

The Board of Directors ("Board") of ADVANCED PACKAGING TECHNOLOGY (M) BHD ("the Company") recognises the importance of the role of good corporate governance in conducting the business and affairs of the Company to enhance shareholders' value and the financial performance of the Company whilst taking into account the interest of other stakeholders.

The Board is therefore committed to the establishment and implementation of a proper and practical framework for governance and controls that are in line with the principles of and best practices in corporate governance as recommended in the Malaysian Code on Corporate Governance ("Code") and the relevant provisions in the Bursa Malaysia Securities Berhad Listing Requirements.

The following describe the manner in which the Company has applied the principles and the extent of its compliance of Part I of the Code for the financial year ended 31 December 2007.

1.0 DIRECTORS

1.1 The Board of Directors ("Board")

The Board of Directors has the overall responsibility for corporate governance, establishing goals, strategic direction and overseeing the investments and the conduct of the Company's business. The Board is also fully aware of the dual role of leadership and control for it to be effective. It is also conscious of the need to practising good corporate governance in the discharge of its stewardship responsibilities to protect the various stakeholders' interest and the Company's assets and to enhance the Company's performance and thereby increase shareholders' value.

The Board comprises of members with diversified background. The Directors have experience in either business operation or professional practices. The Board is ultimately responsible for the performance of the Company. It provides leadership, strategic direction and advice to the Company and guides the Company in achieving its objectives.

Position descriptions and a formal schedule of matters are established to clearly define and segregate the duties and responsibilities of the Board and management. There are no restrictions on directors in obtaining access, where necessary, to independent professional advice at the Company's expense and access to the advice and service of the Company Secretary. Management and the Company Secretary assist the Chairman in undertaking its responsibility of organizing and ensuring that notices of meetings, agenda papers and other relevant information are supplied on a timely basis and tabled for the Board to function effectively.

1.2 Composition of the Board and Board Balance

The Board currently has nine members, comprising of two Executive Directors and seven Non-Executive Directors, of whom four are Independent. The Board's composition is in compliance with paragraph 15.02 of the Bursa Malaysia Securities Berhad Listing Requirements which requires at least one third of the Board to comprise of independent directors.

There is a balance of executive and non-executive directors in the Board with no individual director dominating decision making at Board meetings. The Board members possess a wide range of skills and varied experience and this is vital to the success of the Company.

Statement on Corporate Governance (cont)

The roles and responsibilities of the non-Executive Chairman and that of the Managing Director have been separated to ensure a balance of power and authority. The Chairman provides leadership to the Board and monitors its effectiveness while the Managing Director manages the business operation.

The executive directors' knowledge of the business operation is complemented by the independent non-executive directors' objective and unbiased judgment at board deliberations taking into account at all times the best interest of the Company's investors as a whole. The presence of Independent Non-Executive Directors fulfills a pivotal role in corporate governance accountability. The Board does not have any significant shareholder and is of the opinion that there is an appropriate number of directors which fairly reflects the investment in the Company.

Dato' Haji Ghazali bin Mat Ariff was appointed on 28 May 2002 as the senior independent non-executive director to whom all concerns regarding the Company may be conveyed.

1.3 Board and Committee Meetings

The Chairman is responsible for ensuring Board effectiveness. The Board and Audit Committee meet at least four times a year at a quarterly interval with additional meetings convened and held as and when deemed necessary. Attendance at meetings are detailed in the Statement Accompanying the Notice of Annual General Meeting and the Audit Committee Report.

Management prepares in advance at the end of the financial year a schedule of board and committee meetings for the following financial year. Relevant agenda papers and reports for each meeting are circulated at the time when notices of meetings are sent. When requested by the Board or Board Committees, additional information are promptly supplied to enable them to effectively discharge their responsibilities. Senior management staff had been requested to attend the Board meetings when clarification was sought.

Decisions and recommendations of the Audit Committee are reported to the Board at the Board's next meeting by its Chairman.

1.4 Supply of Information

The Directors have full and unrestricted access to all information pertaining to the Company's business and affairs. All members of the Board and Board Committee are provided in advance with the requisite notice, agenda and Board Papers and reports necessary for their review prior to the convening of each meeting. All information and documents are provided in a timely manner to ensure that Directors and committee members have sufficient time to understand and appreciate issues to be deliberated at the Board or Board Committee meetings.

No restrictions have been placed upon the directors, individually or as a board, to take independent professional advice at the Company's expense in the furtherance of their duties. All members of the Board have ready and direct access to the advice and services of the Company Secretary.

The Chairman has always received the positive support of the Company Secretary in ensuring the effective functioning of the Board.

1.5 Appointment and Re-election of Directors

The Nomination Committee is responsible for making recommendation for new nominees to the Board and Board committees. It is also responsible for reviewing annually the required mix of skills, experience and competencies of the non-executive directors and assessing individual director's contribution and the effectiveness of the Board as a whole. The Board takes cognizance of the need to monitor and review its size to ensure that the Board's effectiveness is not undermined.

All Directors shall retire by rotation and submit themselves for re-election at least once in every three years in accordance with Article 80 of the Company's Articles of Association. Directors over seventy (70) years old of age are required to submit themselves for re-election annually in accordance with Section 129 (6) of the Companies Act 1965. Details of Directors seeking re-election at the forthcoming Annual General Meeting is set out in the Statement Accompanying the Notice of Annual General Meeting.

1.6 Directors' Training

All Directors have attended and completed the Mandatory Accreditation Programme as required by the Bursa Malaysia Securities Berhad. The Directors have also attended various accredited programmes under the Continuous Education Programme (CEP) conducted by various course/training providers and met the prescribed CEP requirements.

The Board recognizes that appropriate training programmes for the Directors will keep them abreast with developments in market place as well as increase their knowledge and understanding of recent developments in laws, regulations and business practices. During the financial year 2007, Directors attended briefing by Company Secretary and representatives from Independent European Certification on major changes of the Companies (Amendment) Act, 2007 and key amendments made to the Malaysian Code on Corporate Governance and, ISO 22000/HACCP/GMP respectively.

Apart from the above, other training programmes, seminars, workshops attended by some of the Directors individually are as follows:-

Mr. Yeo Tek Ling

- i) The Success Practices of the Best Performers: Leadership Lessons to get you to World-Class by Robin Sharma , organized by The Chartered Institute of Management Accountants (CIMA), Malaysia Division;
- ii) Principle-Centred Leadership by Blain N. Lee of Franklin Covey Organization Services
- iii) National Accountants Conference 2007 by Malaysian Institute of Accountants.

Datuk Ismail bin Hj Ahmad

- i) Investors and Issuers Forum by Bank Negara;
- ii) The Inaugural Lecture of the Yayasan Tun Ismail Mohamed Ali Chair entitled The Radical Transformation of Company Law- Global Trends and Local Initiatives;
- iii) Seminar Rangka Kerja Modal Berasaskan Risiko ("RBC Framework");
- iv) Recent Amendments to Company Law, in-house training by Manulife Insurance (Malaysia) Berhad.

Statement on Corporate Governance (cont)

Mr Mah Siew Seng

- i) Seminar on Taxation by Inland Revenue Board and Inland Revenue Officers' Union;
- ii) National Tax Conference 2007 by Inland Revenue Board and Malaysian Institute of Taxation (MIT);
- iii) Investigation and Forensic Accounting by Monash University

2.0 Directors' Remuneration

The Remuneration Committee reviews and recommends to the Board of the Directors the remuneration package of the executive directors. It is then decided by the Board without the executive directors' participation in determining their own remuneration.

There is awareness that the remuneration of executive directors should be structured to link rewards to corporate and individual performance and that of the non-executive directors be reflective of their expertise and level of responsibilities. Directors' Fees paid are approved by shareholders at the Company's annual general meeting based on the recommendation of the Board. Any changes in Directors' Fees are highlighted in the notice calling for the annual general meeting.

Details of Directors' remuneration received, receivable and inclusive of the recommended directors' fees in respect of the financial year ended 31 December 2007, distinguishing between Executive and Non-Executive Directors are set out below:-

Category of Remuneration	Executive Directors (RM)	Non-Executive Directors (RM)
Salary	324,000.00	-
Fees	24,000.00	84,000.00
Bonus	109,871.00	-
Benefits-in-kind	50,750.00	-
EPF & Socso	74,378.00	-
Others	-	-
Total	582,999.00	84,000.00

Band of Remuneration (RM)	Executive	Non-Executive
Below 50,000	-	7
50,001 to 100,000	-	-
100,001 to 150,000	-	-
150,001 to 200,000	1	-
200,001 to 250,000	-	-
250,001 to 300,000	-	-
300,001 to 350,000	-	-
350,001 to 400,000	1	-
400,001 to 450,000	-	-
450,001 to 500,000	-	-

Details of individual director's remuneration are not disclosed for reasons of confidentiality and sensitivity of such disclosures.

3.0 Board Committees

Three committees namely, the Audit, Nomination and Remuneration Committees had been established by the Board. Duties and responsibilities of these committees are contained in their respective terms of reference. These committees assist the Board in the discharge of its duties by examining issues within their terms of reference and reporting back to the Board with recommendations, recognizing at all times that the Board is the ultimate platform for decision making.

3.1 Audit Committee

The Audit Committee was set up on 23 March 1994 and its terms of reference established and subsequently revised to be in line with the revamped Bursa Malaysia Securities Berhad listing requirements and the Malaysian Code on Corporate Governance. Currently, it comprises of two independent non-executive directors and one non-Independent non-executive director.

Details of its terms of reference, composition and other relevant information and activities are set out in the Audit Committee Report.

3.2 Nomination Committee

Established on 27 February 2002 by the Board, the Nomination Committee has two independent non-executive directors and one non-independent non-executive director. The members of the Nomination Committee are:-

- (i) Datuk Ismail bin Haji Ahmad (Chairman) (non-independent non-executive director);
- (ii) Mr Eu Hock Seng (independent non-executive director); and
- (iii) Mr Ng Choo Tim (independent non-executive director).

The terms of reference of the Nomination Committee are:-

- (a) to propose new nominees for the board;
- (b) to recommend to the board, candidates for all directorships to be filled by the shareholders or directors;
- (c) to consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within bounds of practicability, by any other senior executive or any director or shareholder;
- (d) to recommend to the board, directors to fill the seats on board committees;
- (e) to assess directors on an ongoing basis.
- (f) to review annually the required mix of skills, experience and other qualities, including core competencies which non-executive directors should bring to the board and submit its recommendations to the board;
- (g) to carry out a process implemented by the board on an annual basis for assessing the effectiveness of the board as a whole, the committees of the board and for assessing the contribution of each individual director.

The Nomination Committee met once with full attendance during the year under review.

Statement on Corporate Governance (cont)

3.3 Remuneration Committee

The Remuneration Committee was established on 27 February 2002. It comprises of two independent non-executive directors and one non-independent non-executive director. It is responsible for recommending to the Board the remuneration of the executive directors in all its forms, and where necessary, draws advice from outside.

Members of the Remuneration Committee are :-

- (i) Mr Chee Sam Fatt (Chairman) (non-independent non-executive director);
- (ii) Dato' Haji Ghazali b. Mat Ariff (independent non-executive director); and
- (iii) Mr Mah Siew Seng (independent non-executive director).

The Remuneration Committee met once during the year under review and was attended by all members except Mr. Mah Siew Seng.

4.0 Relationship With Shareholders

The Company recognises the important of maintaining an effective communication channel between the Board, shareholders and the general public through timely dissemination of information. All shareholders of the Company are served with annual reports/circulars and notices of meetings accordingly. At the Annual General Meeting, the Board presents the progress and performance of the Company and shareholders are given the opportunity to ask relevant questions pertaining to the Company and its business. This will enable shareholders to gain better insights of the Company's operations.

For timely dissemination of information to the shareholders and public, quarterly results and all relevant and important information are announced through the Bursa Malaysia Securities Berhad. Members of the public can obtain the full Annual Report, financial statements and announcements from the Bursa Malaysia Securities Berhad's website. The Company also endeavours to provide appropriate information upon requests by institutional investors, fund managers and analysts and the press.

5.0 Accountability and Audit

5.1 Financial Reporting

In addition to providing the financial report on an annual basis for a true, fair, balanced and understandable assessment of the Company's position, the Company also presents its financial performance on a quarterly basis through public announcement. The Board is assisted by the Audit Committee in reviewing the quality of its financial reporting.

It's the Board's responsibility in ensuring that the Company's accounting records are properly kept in compliance with the Companies Act, 1965 and approved accounting standards and that the financial statements for the financial year are prepared to reflect a true and fair view of the state of affairs of the Company.

A Statement of Directors' Responsibility for the annual audited financial statements is included in this Annual Report.

5.2 Internal Control

The Board recognises the importance of maintaining a sound system of internal control including financial, operational and compliance controls and risk management to safeguard shareholders' investment and the Company's assets. It is aware of the importance of ongoing monitoring processes and control activities to identify and rectify operational deficiencies and to detect and prevent actual or suspected fraud, and other irregularities and improprieties.

During the year, Internal Audit function was outsourced to PKF Advisory Sdn Bhd to ensure best practices are adopted in internal control by the Company. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the business operations. This assists the Board /Audit Committee in obtaining assurance of a regular review and appraisal of the adequacy, integrity and effectiveness of the system of internal control. It must take cognizance that the internal control system, by nature can only provide reasonable but not absolute assurance against loss.

The Statement on Internal Control as set out in this Annual Report provides an overview on the state of internal control of the Company.

5.3 Relationship with External Auditors

The Company has through the Audit Committee established an appropriate and transparent relationship with its external auditors. Notice of each Audit Committee meeting is extended to the external auditors and the latter has to date attended all of the Audit Committee meetings. From time to time, the external auditors highlight to the Audit Committee and the Board on important matters that need their attention.

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee Report.

This statement was made in accordance with a Board resolution passed on 24 April 2008.

Other Information

Status of Utilisation of Proceeds

The Company did not implement any corporate proposal for the raising of funds during the financial year.

Share Buy-Back

The Company did not make any share buy-back during the financial year.

Options, Warrants and Convertible Securities

No options, warrants and convertible securities were exercised during the financial year.

American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

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

Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by any relevant regulatory bodies during the financial year.

Non-Audit Fees

The amount of no non-audit fees paid or payable to the Auditors, Messrs. PKF and its affiliated company for the financial year including taxation and other services was RM16,000.00

Variance in Results

There was no material variance between the Company's audited results for the financial year ended 31 December 2007 and the unaudited results previously released for the financial quarter ended 31 December 2007.

Profit Guarantee

The Company did not provide any profit guarantee and as such there is no issue of shortfall in the profit guaranteed.

Material Contracts

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

Revaluation Policy on Landed Properties

The Company has not revalued its landed property and as such does not have a revaluation policy on its landed property.

It is the general policy of the Company to revalue its landed properties once every five years or at such shorter period as may be considered appropriate taking into account prevailing economic conditions, industry outlook and the advice of professional valuers.

Other Information (cont)

Recurrent Related Party Transaction of a Revenue or Trading Nature

There were no recurrent related party transactions of a revenue or trading nature which require shareholders' mandate during the financial year.

Employee's Share Option Scheme (ESOS)

The Company has not implemented any share option scheme for its employees.

Accounts

Statutory declaration in relation to the Accounts has been signed by a person who fulfils the requirements of paragraph 9.27.

This statement was made in accordance with a Board resolution passed on 24 April 2008

Statement On Internal Control

Introduction

According to the Malaysian Code on Corporate Governance, it requires public listed companies to maintain a sound system of internal control to safeguard shareholders' investment and company's assets. And Paragraph 15.27(b) of the Bursa Malaysia Securities Berhad Listing Requirements requires the directors of public listed companies to include a statement in the annual report on the state of internal control.

The Directors therefore set out below a Statement On Internal Control, which outlines the nature and scope of internal control of the Group during the year.

Directors' Responsibility

The Board of Directors ("Board") of Advanced Packaging Technology (M) Bhd. ("APT or the Group") recognises the importance of good practice of corporate governance and is committed to its responsibility of maintaining a sound system of internal control in the Group. The Board is ultimately responsible for the Group's system of internal control and risk management which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity through the process of constant monitoring.

The Board is assisted by management in implementing the appropriate controls that mitigate and manage the risks.

It is imperative to note that due to the limitations inherent in any system of control, these control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. Therefore, such systems can only provide reasonable, and not absolute assurance against material misstatement, fraud, loss or breaches of laws or regulations.

Risk Management

The Board acknowledges its overall responsibility over the risk management of the Group. Risk management is regarded by the Board as an integral part of the business operations. The Board is therefore committed to maintaining a strong control structure and environment for the proper conduct of the business.

Management is responsible for creating a risk-aware culture within the organisation. The management has also been vested with the responsibility of identifying and evaluating risks faced by the Group for the Board's consideration, implementing appropriate internal control system and ensuring compliance with the applicable laws, regulations, standards and guidelines and implementing policies adopted by the Board.

Internal Audit Function

The Company's internal audit function reports directly to the Audit Committee and is independent of the management. Thus, it provides the Board with the independent assurance and assistance it requires in identifying principal risks, reviewing the adequacy and integrity of the internal controls and the implementation of appropriate systems to manage these risks.

The internal audit function also assists the Audit Committee in discharging its duties and responsibilities.

The Internal audit function of the Group is outsourced to external consultants who assist the Board in formulating an internal audit plan and provide an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system, in anticipating potential risk exposures over key

Statement On Internal Control (cont)

business processes. The internal audit function adopts a risk-based methodology approach and designs the audit strategy and plan based on the risk profiles of the business.

Periodical reviews of the internal controls on various key functional areas of the business operations, which has been approved by the Audit Committee were carried out by the internal audit function and findings were then reported directly to the Audit Committee, and by extension to the Board of Directors. The management is responsible for carrying out corrective actions on reported weaknesses as recommended by the internal audit function within the agreed time frame.

QUALITY ASSURANCE

The Group has implemented, as an integral part of the overall system of controls, a Quality Management System complying with the BS EN ISO 9001:2000 requirements in carrying out control on quality of the Group's core business of manufacturing of flexible packaging materials and blown film. The Board takes the view that compliance to ISO 9001:2000 standards is an on-going commitment to quality and internal control. As such, regular upgrading and monitoring of the Quality Management System are carried out by the management on a continuous basis for further improvement of the control system.

Other Key Elements of Internal Control

Other key elements of internal control apart from risk management and internal audit are:

- Defined delegation of responsibilities and authorities to the Board Committees.
- Independence of the Audit Committee in discharging its duties and responsibilities.
- Proper implementation of procedures in line with Quality Management System that complying to ISO 9001:2000 standards.
- Proper organisational structure and job specification for employees.
- Communication of quality policy and objectives to employees.
- Proper process of the annual profit forecast approved by the Board.
- Regular operational and financial reporting to the management and the Board.
- Regular reviews of management's financial and progress reports by the Audit Committee and the Board of Directors.
- Holding of ad-hoc meetings regularly at management and operational levels to identify, discuss and resolve business and operational issues.
- Enhancement and improvement of employees' competencies and proficiencies by continuous training and development. This is implemented through a combination of on-the-job training and internal and external training courses.

Conclusion

The Board of Directors is of the view that the current system of internal control is fair and satisfactory. There was no material loss incurred during the financial year under review as a result of major weaknesses in the system of internal control. The Board will continue to monitor and ensure that appropriate measures are undertaken to strengthen the control environment.

This statement was approved by the Board on 24 April 2008

Directors' Responsibility Statement

Pursuant to paragraph 15.27 (a) of the Listing Requirements of the Bursa Malaysia Securities Berhad, the Board of Directors is required to issue a statement explaining its responsibility for preparing the annual audited financial statements.

The Directors of the Company are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the financial and cash flow positions and state of affairs of the Company and, where applicable, the Group as at the financial year end.

The directors have, through the Statement by Directors on page 33 of the Annual Report given their opinion that the financial statements have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Company for the financial year ended 31 December 2007.

In preparing the financial statements, the Directors are responsible for ensuring that appropriate accounting policies are adopted and applied consistently and where judgements and estimates were made, they were based on prudence and reasonableness.

The directors are also responsible for ensuring that proper accounting and other records are kept to sufficiently explain the transactions and financial position of the Company and to enable true and fair financial statements to be prepared.

This statement was approved by the Board on 24 April 2008.

Audit Committee Report

The Board of Directors is pleased to present the report of the Audit Committee for the financial year ended 31 December 2007 in compliance with paragraph 15.16 of the Bursa Malaysia Securities Berhad Listing Requirements.

Composition, Membership, Meetings and Attendance

The Audit Committee comprises of three non-executive directors with a majority of whom are Independent Non-Executive. The composition, name, designation and attendance of each member at Committee meetings are detailed below:-

Name	Designation	Number of Applicable Meetings	Attendance
a) Dato' Haji Ghazali b. Mat Ariff	Chairman		
	- Independent Non-Executive	4	4
b) Mah Siew Seng	Member		
	- Independent Non-Executive	4	4
c) Datuk Ismail bin Haji Ahmad	Member		
	- Non-Independent Non-Executive	4	4

Terms of Reference

A. COMPOSITION

1. The Audit Committee shall be appointed from amongst the Directors of the Company and shall consist of not less than three members.
2. A majority of the Audit Committee shall be independent directors.
3. At least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants (MIA); or if he is not a member of MIA, he must have at least three years' working experience and have passed the examination specified in Part I of the First Schedule of the Accountants Act, 1967 or be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967 or fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad.
4. An alternate director shall not be appointed as a member of the Audit Committee.

B. CHAIRMAN

1. The members of the Audit Committee shall elect a Chairman from among their number who shall be an independent director.

C. MEETINGS

1. Audit Committee meetings shall be held not less than four times a year.
2. A quorum for the meeting shall be a majority of independent directors.
3. Besides the Finance Director and representatives of the internal and external auditors who shall normally attend the Audit Committee meetings, other directors and employees may attend the meeting only at the invitation of the Audit Committee.

Audit Committee Report (cont)

4. At least once a year the Audit Committee shall meet with the external auditors without the presence of any executive board members.
5. The Chairman shall convene a committee meeting upon receipt of a request from the external auditor to consider any matter which the external auditor believes should be brought to the attention of the directors and shareholders.
6. The Company Secretary shall be the Secretary of the Audit Committee.
7. The minutes of each meeting shall be distributed to the members of the Board.

D. RETIREMENT AND RESIGNATION

1. Any vacancy in the Audit Committee resulting in the non-compliance of paragraph 15.10(1) of the Listing Requirements shall be filled within three months.

E. DUTIES OF THE AUDIT COMMITTEE

1. To review the following and report the same to the Board of Directors:-
 - (a) with the external auditor, the nature and scope of the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal controls;
 - (c) with the external auditor, his audit report;
 - (d) the assistance given by the employees of the company to the external auditor;
 - (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) the internal audit program, processes, the results of the internal audit program, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments and unusual events arising from the audit;
 - the going concern assumption;
 - compliance with accounting standards and other legal requirements.
 - (h) any related party transactions and conflict of interest situation that may arise within the company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
2. To consider the appointment of an external auditor, the audit fee and any questions of resignation or dismissal.
3. To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).

4. To review the external auditor's management letter and management's response.
5. To do the following where an in-house internal audit function exists:-
 - (a) review any appraisal or assessment of the performance of members of the internal audit function;
 - (b) approve any appointment or termination of senior staff members of the internal audit function;
 - (c) inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
6. To consider the major findings of internal investigations and management's response.
7. To consider any other topics as defined by the Board.

F. RIGHTS AND AUTHORITY OF THE AUDIT COMMITTEE

The Audit Committee shall, wherever necessary and reasonable for the performance of its duties and in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company.
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

G. REVIEW OF THE AUDIT COMMITTEE

1. The Board of Directors shall review the term of office and performance of the Audit Committee and each of its members at least once in every three years to determine whether the Audit Committee and its members have carried out their duties in accordance with their term of reference.

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.

Audit Committee Report (cont)

Summary of Audit Committee's Activities

The Audit Committee carried out the following activities during the financial year ended 31st December 2007 :

- (a) reviewed the quarterly unaudited financial results and announcements and annual 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 in relation to the audit of the preceding year end financial statements and accounts.
- (c) reviewed the external auditor's report, recommendations, management letter and management's response.
- (d) Met and discussed with representatives of PKF Advisory Sdn. Bhd on their proposals to provide internal audit services for 2007. It also discussed and recommended the internal audit plan for 2007 for approval of the Board.
- (e) reviewed the internal audit reports prepared by PKF Advisory Sdn. Bhd and management's response to its findings and recommendations.

Summary of Internal Audit Function's Activities

PKF Advisory Sdn. Bhd (PASB) was appointed during the year to carry out internal audit function. This is 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 in anticipating potential risk exposures over key business processes. The internal audit function reports directly to the Audit Committee.

PASB carried out and completed audit of certain key processes and principal risk areas during the year. It also performed follow-up reviews of previous audit reports. 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. Management is responsible for ensuring that corrective actions are carried out within the agreed time frame.

This statement was made in accordance with a Board resolution passed on 24 April 2008.

Chairman's Statement

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report and the Audited Financial Statements of Advanced Packaging Technology (M) Bhd Group for the financial year ended 31 December 2007.

OVERVIEW

Despite a weaker external environment and high crude oil prices, the Malaysian economy strengthened in 2007 with Central Bank reporting that the real Gross Domestic Product (GDP) had improved to 6.30% from 5.90% in 2006.

FINANCIAL PERFORMANCE

The group achieved a turnover of RM25.25 million for the year ended 31 December 2007 which was 2.68% higher when compared to RM24.59 million recorded in the preceding financial year. Net profit after tax for the year under review also improved by RM0.82 million or 34.89% to RM3.17 million from RM2.35 million in financial year 2006. Higher sales turnover and lower operating expenses had contributed mainly to the increase in the net profit for the year.

PROSPECTS

Higher standards of living and disposable income of consumers could result in higher demand for better flexible packaging requirements. As a result, the future of the flexible packaging materials industry is still promising and growing. With the continued growth of the Malaysian economy and barring unforeseen circumstances, the Board expects the Group to achieve satisfactory results for the current financial year.

DIVIDEND

Your Board of Directors has recommended a tax exempt final dividend of 4.50 sen per share (2006: 3.50 sen per share tax exempt) for the financial year ended 31 December 2007. The proposed dividend is subject to the approval of the shareholders at the Annual General Meeting to be held on 26 June 2008. No interim dividend was paid during the year (2006 : 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. As a move to resolve the failure of WLCC to contribute fully its portion of the registered capital, APIL had on 06 December 2005 entered into a Shareholders' Agreement with WLCC for the joint venture company, Dalian Advanced Cement Co. Ltd (DACC) to apply to the relevant authorities in PRC to revise downward the registered capital to Renminbi fifty two million (RMB52 million) from Renminbi ninety million (RMB90 million).

The Company announced on 04 January 2007 that it has received on the same day the new business licence issued to DACC on 25 December 2006 by the Dalian Industrial and Commercial Administrative Bureau, PRC with a revised registered capital of United State Dollars six million two hundred and sixty three thousand

Chairman's Statement (cont)

(US\$6,263,000.00) or Renminbi fifty two million (RMB52,000,000.00). The Original registered capital was United State Dollars ten million eight hundred and forty thousand (US\$10,840,000.00) or Renminbi ninety million (RMB90,000,000.00). DACC had since returned the excess capital contribution to APIL. The Company is currently still looking for alternatives to resolve the issue.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express 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
24 April, 2008

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 2007.

Principal activities

The Company is principally engaged in the manufacturing and distribution of flexible packaging materials. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

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

Results

	Group RM	Company RM
Net profit for the year	3,167,105	3,317,113

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 3.5% totaling RM1,435,298 in respect of the financial year ended 31 December 2006, on 20 July 2007.

In respect of the financial year ended 31 December 2007, the Directors recommend a final tax exempt dividend of 4.5% totaling RM1,845,383 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)

Directors' interest in shares

The shareholdings in the Company of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM1.00 each			
	At 1.1.2007	Bought	Sold	At 31.12.2007
Shareholdings registered in the name of Directors:				
Dato' Law Sah Lim	29	-	-	29
Tjin Kiat @ Tan Cheng Keat	3,091,178	9,000	-	3,100,178
Yeo Tek Ling	24,338	-	-	24,338
Chee Sam Fatt	20,250	-	-	20,250
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 2007 had any interest in the ordinary shares of the Company 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 as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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 issued and paid-up capital of the Company 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 year.

Other statutory information

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

- (i) all known bad debts had been written off and adequate allowance 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) that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the financial statements of the Group and the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to current assets in the Group and in the Company financial statements misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and 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 secured 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 any company in the Group and 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 the Company to meet their obligations when they fall due.

In the opinion of the Directors, the results of the operations of the Group and the Company for the financial year ended 31 December 2007 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.

Directors' Report (cont)

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 CHOOTIM

Kuala Lumpur

Dated: 24 April 2008

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 provision of the Companies Act, 1965 and applicable approved accounting standards in Malaysia for Entities Other than Private Entities so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2007 and of the results of their operations and the 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: 24 April 2008

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 24 April 2008)

TJIN KIAT @ TAN CHENG KEAT

YEO TEK LING

Before me,

COMMISSIONER FOR OATHS
MAISHARAH BINTI ABU HASAN
(W181)

Report Of The Auditors To The Members Of Advanced Packaging Technology (M) Bhd (Co. No. 82982-K)(Incorporated in Malaysia)

We have audited the accompanying financial statements of ADVANCED PACKAGING TECHNOLOGY (M) BHD. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we consider necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia for Entities Other than Private Entities so as to give a true and fair view of:
 - (i) the state of affairs of the Group and the Company as at 31 December 2007 and of the results of their operations and cash flows for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and the Company;
 and
- (b) 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 said Act.

We have considered the financial statements and the auditor's report thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 10 to the financial statements.

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 as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries was not subject to any qualification except as disclosed in Note 10 and did not include any comment made under Subsection (3) of Section 174 of the Act.

PKF
AF 0911
CHARTERED ACCOUNTANTS

RAMLI BIN MOHAMAD
1776/06/08/J
PARTNER

Kuala Lumpur
Dated: 24 April 2008

Income Statements for the year ended 31 december 2007

		Group		Company	
	Note	2007 RM	2006 RM	2007 RM	2006 RM
Revenue		25,251,813	24,592,614	25,251,813	24,592,614
Other operating income		582,574	539,650	582,396	539,468
Changes in inventories of finished goods and work-in-progress		(76,263)	23,250	(76,263)	23,250
Raw materials used		(15,468,979)	(15,291,778)	(15,468,979)	(15,291,778)
Staff costs (inclusive of Directors' remuneration)	2	(3,036,663)	(2,833,704)	(3,036,663)	(2,832,926)
Impairment of investment in joint venture		-	(651,000)	-	-
Amortisation of prepaid lease payment		(7,390)	(7,390)	(7,390)	(7,390)
Depreciation		(1,206,018)	(1,211,703)	(1,206,018)	(1,211,703)
Other operating expenses		(2,577,556)	(2,587,135)	(2,427,005)	(2,333,673)
Operating profits	3	3,461,518	2,572,804	3,611,891	3,477,862
Interest income		965,778	766,511	964,316	742,680
Finance cost	4	(15,527)	(15,487)	(14,430)	(15,442)
Profit before tax		4,411,769	3,323,828	4,561,777	4,205,100
Tax expense	5	(1,244,664)	(978,706)	(1,244,664)	(978,706)
Net profit for the year		3,167,105	2,345,122	3,317,113	3,226,394
Basic earnings per share (sen)	6	7.72	5.72		
Dividends per share (sen)	7	3.50	3.00	3.50	3.00

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

Balance Sheets

As At 31 December 2007

		Group		Company	
	Note	2007 RM	2006 RM	2007 RM	2006 RM
Non-current assets					
Property, plant and equipment	8	7,835,292	8,762,577	7,835,292	8,762,577
Prepaid lease payments	9	570,815	578,205	570,815	578,205
Investment in subsidiaries	10	-	-	41,201	41,201
Investment in jointly controlled entity	11	5,880,363	5,814,190	-	-
Other investment	12	5,000,000	5,000,000	5,000,000	5,000,000
Amount due from subsidiaries	13	-	-	7,365,749	1,363,014
		<u>19,286,470</u>	<u>20,154,972</u>	<u>20,813,057</u>	<u>25,744,997</u>
Current assets					
Inventories	14	5,542,358	5,733,404	5,542,358	5,733,404
Trade receivables	15	5,271,118	6,033,564	5,271,118	6,033,564
Other receivables, deposits and prepayments		530,993	4,625,594	517,983	441,208
Cash and cash equivalents	16	25,787,070	19,751,916	25,670,503	19,524,635
		<u>37,131,539</u>	<u>36,144,478</u>	<u>37,001,962</u>	<u>31,732,811</u>
Current liabilities					
Trade payables	17	827,579	1,982,231	827,579	1,982,231
Amount due to Directors	18	108,000	81,000	108,000	81,000
Other payables and accruals		946,333	1,179,680	850,674	970,719
Tax payable		275,510	458,501	275,510	458,501
		<u>2,157,422</u>	<u>3,701,412</u>	<u>2,061,763</u>	<u>3,492,451</u>
Net current assets		34,974,117	32,443,066	34,940,199	28,240,360
Non-current liabilities					
Deferred taxation	19	1,003,633	1,133,272	1,003,633	1,133,272
Provision for staff gratuity	20	583,310	567,587	583,310	567,587
		<u>(1,586,943)</u>	<u>(1,700,859)</u>	<u>(1,586,943)</u>	<u>(1,700,859)</u>
		<u>52,673,644</u>	<u>50,897,179</u>	<u>54,166,313</u>	<u>52,284,498</u>
Financed by:					
Share capital	21	41,008,500	41,008,500	41,008,500	41,008,500
Reserves	22	11,665,144	9,888,679	13,157,813	11,275,998
Total equity attributable to shareholders of the Company		<u>52,673,644</u>	<u>50,897,179</u>	<u>54,166,313</u>	<u>52,284,498</u>

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

Statements Of Changes In Equity

For The Year Ended 31 December 2007

Group	Note	Share Capital RM	Non distributable Translation reserve RM	Distributable Retained Profits RM	Total RM
At 1 January 2006		41,008,500	131,732	8,838,555	49,978,787
Currency translation differences		-	(196,475)	-	(196,475)
Net profit for the year		-	-	2,345,122	2,345,122
Dividends	7	-	-	(1,230,255)	(1,230,255)
At 31 December 2006		41,008,500	(64,743)	9,953,422	50,897,179
Currency translation differences		-	44,658	-	44,658
Net profit for the year		-	-	3,167,105	3,167,105
Dividends	7	-	-	(1,435,298)	(1,435,298)
At 31 December 2007		41,008,500	(20,085)	11,685,229	52,673,644
Company					
At 1 January 2006		41,008,500	-	9,279,859	50,288,359
Net profit for the year		-	-	3,226,394	3,226,394
Dividends	7	-	-	(1,230,255)	(1,230,255)
At 31 December 2006		41,008,500	-	11,275,998	52,284,498
Net profit for the year		-	-	3,317,113	3,317,113
Dividends	7	-	-	(1,435,298)	(1,435,298)
At 31 December 2007		41,008,500	-	13,157,813	54,166,313

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

Cash Flow Statements

For The Year Ended 31 December 2007

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
		restated		restated
Cash flows generated from/ (used in) operating activities				
Profit before tax	4,411,769	3,323,828	4,561,777	4,205,100
Adjustments for:				
Amortisation of prepaid lease payment	7,390	7,390	7,390	7,390
Depreciation	1,206,018	1,211,703	1,206,018	1,211,703
Allowance for doubtful debts	1,596	15,959	1,596	15,959
Reversal of allowance for doubtful debts	(37,919)	(17,047)	(37,919)	(17,047)
Impairment loss on investment in joint venture	-	651,000	-	-
Loss on foreign exchange - unrealised	6,548	16,722	6,548	16,722
Investment income	(153,165)	(124,647)	(153,165)	(124,647)
Gain on disposal of property, plant and equipment	(19,698)	(17,073)	(19,698)	(17,073)
Interest income	(965,778)	(766,511)	(964,316)	(742,680)
Property, plant and equipment written off	168	1	168	1
Provision for staff gratuity	53,287	51,848	53,287	51,848
Operating profit before working capital changes	4,510,216	4,353,173	4,661,686	4,607,276
Decrease/(Increase) in inventories	191,046	(1,212,258)	191,046	(1,212,258)
Decrease/(Increase) in trade and other receivables	4,863,659	(4,912,866)	713,798	(728,480)
(Decrease)/Increase in trade and other payables	(1,359,351)	1,175,465	(1,246,049)	972,001
Cash generated from/ (used in) operations	8,205,570	(596,486)	4,320,481	3,638,539
Income tax paid	(1,557,295)	(708,334)	(1,557,295)	(708,334)
Staff gratuity paid	(37,564)	(5,557)	(37,564)	(5,557)
Net cash from/(used in) operating activities	6,610,711	(1,310,377)	2,725,622	2,924,648

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

Cash Flow Statements

For The Year Ended 31 December 2007 (cont)

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
		restated		restated
Cash flows generated from/ (used in) investing activities				
Repayment from/(Advances to) subsidiaries	-	-	3,997,265	(119,668)
Acquisition of other investment	-	(5,000,000)	-	(5,000,000)
Acquisition of a subsidiary	-	-	-	(36,280)
Interest received	965,778	766,511	964,316	742,680
Investment income received	153,165	124,647	153,165	124,647
Proceeds from disposal of property, plant and equipment	21,000	17,900	21,000	17,900
Refund of capital investment from joint venture	-	4,282,527	-	-
Purchase of property, plant and equipment	(280,202)	(640,468)	(280,202)	(640,468)
Net cash generated from/(used in) investing activities	859,741	(448,883)	4,855,544	(4,911,189)
Cash flows used in financing activity				
Dividend paid	(1,435,298)	(1,230,255)	(1,435,298)	(1,230,255)
Net cash used in financing activity	(1,435,298)	(1,230,255)	(1,435,298)	(1,230,255)
Net increase/(decrease) in cash and cash equivalents	6,035,154	(2,989,515)	6,145,868	(3,216,796)
Cash and cash equivalents at beginning of year	19,751,916	22,741,431	19,524,635	22,741,431
Cash and cash equivalents at end of year	25,787,070	19,751,916	25,670,503	19,524,635
Cash and cash equivalents comprise:				
Cash and bank balances	2,287,070	1,251,916	2,170,503	1,024,635
Deposits with licensed banks	23,500,000	18,500,000	23,500,000	18,500,000
	<u>25,787,070</u>	<u>19,751,916</u>	<u>25,670,503</u>	<u>19,524,635</u>

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

Notes to the Financial Statements at 31 December 2007

1. Summary of significant accounting policies

On 1 January 2007, the Group and the Company adopted the following new and revised FRSs which are relevant to the Group and the Company's operations and mandatory for annual periods beginning on or after 1 October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosure
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations

The adoption of the above FRS does not have significant financial impact on the Group and the Company.

The following FRS, Amendments to FRS and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRS and Amendments to FRS		Effective for financial periods beginning on or after
FRS 139	: Financial Instruments: Recognition and Measurement	Deferred
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 119	: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 121	: The Effects of Changes in Foreign Exchange Rates - Net Investment in Foreign Operation	1 July 2007

The Group plans to apply the above mentioned FRSs (except for FRS 139 of which its effective date has yet to be announced) for annual periods beginning 1 January 2008.

The above FRS and Amendments to FRS are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application as the above FRSs align the MASB's FRSs with the equivalent International Accounting Standards (IASs) both in terms of form and content, and therefore, the adoption of these standards will only impact the form and content of disclosures presented in the financial statements.

Notes to the Financial Statements at 31 December 2007 (cont)

1. Summary of significant accounting policies (continued)

(a) Basis of accounting

The financial statements of the Company have been prepared in accordance with applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies. The preparation of financial statements in conformity with Financial Reporting Standards, requires the use of certain critical accounting estimates and assumptions that effect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

(b) Revenue and income recognition

i) Sales of goods

Revenue represents invoiced value of goods supplied less returns and discounts and is recognised in the income statement upon delivery of goods and customer's acceptance.

ii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the assets.

(c) Basis of consolidation

Subsidiaries are those corporations in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the results of subsidiary companies acquired or disposed off are included from the date of acquisition up to the date of disposal. The cost of an acquisition is measured at their fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus cost directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's shares of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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.

(d) Property, plant and equipment

(i) Recognition and measurement

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

(ii) Subsequent costs

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

(iii) Depreciation

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 depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(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) Investment in subsidiary

Investment in subsidiary is stated at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

(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.

Notes to the Financial Statements at 31 December 2007 (cont)

1. Summary of significant accounting policies (continued)

(g) Jointly controlled entity (cont)

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.

(i) 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. Amount due from subsidiary is stated at cost.

(j) Inventories

Raw materials, work in progress, finished goods and consumables are stated at the lower of cost and net realisable value. In arriving at net realisable value, allowance is made for all obsolete inventories.

Cost of raw materials and consumables, which is determined on first in first out basis, 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.

(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) Liabilities

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(m) Income tax

Tax expense for the financial year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to 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 substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of the previous financial years.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(n) Employee benefits

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

The Company's contribution to the Employee's Provident Fund are charged to the income statements in the financial year to which they paid, the Company has no further payment obligations.

The Company has a staff gratuity scheme for employees who are eligible under their employment contracts. Gratuity for employees is provided for in the financial statements taking into consideration the length of service and basic salary earnings of eligible employees.

(o) Impairment

The carrying amounts of the Group's asset are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, 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. Any subsequent increase in recoverable amount is 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.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, net of depreciation or amortisation, if no impairment loss has been recognised.

(p) Provisions

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

Notes to the Financial Statements at 31 December 2007 (cont)

1. Summary of significant accounting policies (continued)

(p) Provisions (cont)

Contingent liabilities

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

(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 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 rate at the date of the balance sheet;
- income and expenses of each income statement are translated at the rate on the dates of the transactions.
- all resulting exchange difference are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' 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 sale.

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

	2007 RM	2006 RM
1 US Dollar	3.31	3.57
1 Brunei Dollar	2.27	2.32
1 Singapore Dollar	2.27	2.32
100 Thai Baht	10.12	10.61
100 Hong Kong Dollar	43.53	46.58
100 Renminbi	45.27	45.23

(r) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(i) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statement associated with each item.

(ii) Fair value estimation for disclosure purpose

The face values of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

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.

2. Staff costs

Staff costs include Directors' remunerations, salaries, wages, bonus and allowances, statutory contributions for employees and other employee related expenses. The total number of employees, inclusive of executive Directors, of the Group and the Company as at the end of the financial year are 92 and 92 (2006:98 and 98) respectively.

Notes to the Financial Statements at 31 December 2007 (cont)

3. Operating profits

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
		restated		restated
Operating profit is arrived at after charging:				
Auditors' remuneration	31,968	32,192	27,000	27,000
Allowance for doubtful debts	1,596	15,959	1,596	15,959
Amortisation of prepaid lease payment	7,390	7,390	7,390	7,390
Depreciation	1,206,018	1,211,703	1,206,018	1,211,703
Directors' emoluments				
- fees				
- executive	24,000	18,000	24,000	18,000
- non-executive	84,000	63,000	84,000	63,000
- remunerations				
- Directors of the Company	507,629	483,479	507,629	483,479
Inventories written off	28,534	56,022	28,534	56,022
Loss on foreign exchange				
- realised	17,031	5,596	17,031	5,596
- unrealised	6,548	16,722	6,548	16,722
Property, plant and equipment written off	168	1	168	1
Provision for staff gratuity and crediting:	53,287	51,848	53,287	51,848
Gain on disposal of property, plant and equipment	(19,698)	(17,073)	(19,698)	(17,073)
Reversal of allowance for doubtful debts	(37,919)	(17,047)	(37,919)	(17,047)

Estimated cash value of benefits-in-kind for the executive Directors are RM50,750 and RM50,750 (2006: RM32,750 and RM32,750) for the Group and the Company respectively.

4. Finance cost

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Bank charges	15,527	15,487	14,430	15,442

5. Tax expense

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current tax expense	1,375,375	1,249,143	1,375,375	1,249,143
Over provision in prior years	(1,072)	(165,397)	(1,072)	(165,397)
Deferred tax expense				
- reversal of temporary differences (Note 19)	(129,639)	(105,040)	(129,639)	(105,040)
	<u>1,244,664</u>	<u>978,706</u>	<u>1,244,664</u>	<u>978,706</u>

Reconciliation of effective tax rate

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before tax	4,411,769	3,323,828	4,561,777	4,205,100
Income tax using				
Malaysian tax rate	1,191,178	930,672	1,231,680	1,177,428
Non deductible expenses	23,277	206,608	23,277	24,328
Tax losses not recognised	40,502	64,476	-	-
Deferred tax previously under/(over) recognised	40,988	(46,428)	40,988	(46,428)
Double deduction	(8,271)	(11,225)	(8,271)	(11,225)
Change in tax rates	(41,938)	-	(41,938)	-
	<u>1,245,736</u>	<u>1,144,103</u>	<u>1,245,736</u>	<u>1,144,103</u>
(Over)/Under provision in prior years	(1,072)	(165,397)	(1,072)	(165,397)
	<u>1,244,664</u>	<u>978,706</u>	<u>1,244,664</u>	<u>978,706</u>

Tax losses not recognised relates to the losses before tax of the subsidiary, which is incorporated in Hong Kong amounting to approximately RM150,008 (2006: RM230,272).

6. Earnings per ordinary share

Basic earnings per share of the Group is based on the net profit attributable to ordinary shareholders of RM3,167,105 (2006: RM2,345,122) respectively and the issued share capital of 41,008,500 (2006: 41,008,500) ordinary shares.

7. Dividends

	2007 RM	2006 RM
Final paid:		
3.5% per share tax exempt (2006 - 3% per share tax exempt)	<u>1,435,298</u>	<u>1,230,255</u>

The Board recommends a final tax exempt dividend at 4.5% (2006: 3.5%) for 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.

Notes to the Financial Statements at 31 December 2007 (cont)

8. 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 beginning of year	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 end of year	4,271,129	19,645,283	555,974	1,159,068	25,631,454
Accumulated depreciation					
At beginning of year	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 end of year	1,694,063	15,031,722	450,816	619,561	17,796,162
Net book value					
At 31 December 2007	2,577,066	4,613,561	105,158	539,507	7,835,292
At 31 December 2006	2,671,321	5,372,595	108,596	610,065	8,762,577
Depreciation charge for the year ended 31 December 2006	94,304	889,317	47,656	180,426	1,211,703

Included in property, plant and equipment of the Group and the Company are fully depreciated property, plant and equipment with a cost of approximately RM10,049,177 (2006: RM7,842,360) which are still in use as of 31 December 2007.

9. Prepaid lease payments

	Leasehold land Unexpired period more than 50 years RM
Cost	
At 31 December 2007	739,000
At 31 December 2006	739,000
Amortisation	
At 1 January 2007	160,795
Amortisation for the year	7,390
At 31 December 2007	168,185
Carrying amounts	
At 31 December 2007	570,815
At 31 December 2006	578,205

10. Investment in subsidiaries

	Company	
	2007	2006
	RM	RM
Unquoted shares at cost	41,201	41,201

The details of the subsidiaries are as follows:

Name of companies	Place of incorporation	Percentage of equity held		Principal activities
		2007	2006	
Advanced Packaging Investments (HK) Ltd*	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.

On 5 June 2006, the Company has incorporated a wholly-owned subsidiary company, Xiamen Jinjie Trading Co. Ltd ("XJTCL"), in the People's Republic Of China, with a registered capital of United States Dollars Sixty Five Thousand (USD 65,000-00). XJTCL has yet to fully pay up on its registered capital of USD 65,000 or approximately RM236,698 as at the balance sheet date.

* The Auditors' Report on the financial statements of this subsidiary for the financial year ended 31 December 2007 have been modified by way of emphasis of matter on the uncertainties over the ability of the company to continue as a going concern. 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.

11. Investment in jointly controlled entity

	Group	
	2007	2006
	RM	RM
Share of net assets of jointly controlled entity	5,880,363	5,814,190
Unquoted shares, at cost	6,531,363	6,465,190
Accumulated impairment losses	(651,000)	(651,000)
	5,880,363	5,814,190

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

	Group	
	2007	2006
	RM	RM
Long term assets	5,884,093	5,878,771
Net current assets	923	1,035
	5,885,016	5,879,806

There is no Group's interest in revenue and expenses as the joint venture company has not commenced operations.

Notes to the Financial Statements at 31 December 2007 (cont)

11. Investment in jointly controlled entity (cont)

Details of jointly controlled entity are as follows:

Name	Principal activities	Proportion of ownership interest equity held	
		2007	2006
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 (HK) Ltd.

Advanced Packaging Investments (HK) Ltd. ("APIL") has on 06 December 2005 entered into a Shareholders' Agreement with Wafangdian Laohu Cement Company Ltd. ("WLCC") for Dalian Advanced Cement Co. Ltd. ("DACC"), a joint venture company of WLCC and APIL, to apply to the relevant authorities in the People's Republic of China ("PRC") to revise downward the registered capital of DACC from Renminbi Ninety Million (RMB90,000,000-00) to Renminbi Fifty Two Million (RMB52,000,000-00). The shareholding ratio between the shareholders shall remain unchanged as 75% (Renminbi Thirty Nine Million or RMB39,000,000-00) for WLCC and 25% (Renminbi Thirteen Million or RMB13,000,000-00) for APIL.

The Company announced on 4 January 2007 that it has received on the same day the new business license issued to DACC on 25 December 2006 by the Dalian Industrial and Commercial Administrative Bureau, PRC ("DICAB") with a revised registered capital of United States Dollars Six Million Two Hundred and Sixty Three Thousand (USD 6,263,000-00) or Renminbi Fifty Two Million (RMB52,000,000-00). The original registered capital of DACC was United States Dollars Ten Million Eight Hundred and Forty Thousand (USD 10,840,000-00) or Renminbi Ninety Million (RMB 90,000,000-00). DACC had since returned the excess capital contribution to APIL.

12. Other investment

	Group and Company	
	2007	2006
	RM	RM
Unquoted shares, at cost	5,000,000	5,000,000

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

13. Amount due from subsidiaries

Amount due from subsidiaries is unsecured, interest free advances, which is not repayable within the next twelve (12) months.

14. Inventories

	Group and Company	
	2007	2006
	RM	RM
At cost		
Raw materials	4,466,204	4,583,486
Work-in-progress	377,204	560,266
Finished goods	389,145	282,345
Consumables	309,805	307,307
	<u>5,542,358</u>	<u>5,733,404</u>

15. Trade receivables

	Group and Company	
	2007	2006
	RM	RM
Trade receivables	5,769,372	6,568,140
Allowance for doubtful debts		
- Specific	48,254	84,576
- General	450,000	450,000
	<u>(498,254)</u>	<u>(534,576)</u>
	<u>5,271,118</u>	<u>6,033,564</u>

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 RM475 of the Company and the Group were written off against allowance for doubtful debts during the financial year.

16. Cash and cash equivalents

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Deposits placed with licensed banks	23,500,000	18,500,000	23,500,000	18,500,000
Cash and bank balances	<u>2,287,070</u>	<u>1,251,916</u>	<u>2,170,503</u>	<u>1,024,635</u>
	<u>25,787,070</u>	<u>19,751,916</u>	<u>25,670,503</u>	<u>19,524,635</u>

Deposits placed with licensed banks have maturity range from 30 days to 360 days (2006: 30 days to 360 days).

The weighted average interest rate of deposits as at 31 December 2007 is 3.85% (2006: 3.85%).

17. Trade payables

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

Notes to the Financial Statements at 31 December 2007 (cont)

18. Amount due to Directors

This represents Directors' fees payable.

19. Deferred taxation

	Group and Company	
	2007	2006
	RM	RM
At beginning of year	1,133,272	1,238,312
Transferred (to)/ from income statement (Note 5)		
- current year	(129,639)	(105,040)
	<u>1,003,633</u>	<u>1,133,272</u>

The recognised deferred tax assets and liabilities (before offsetting) are as follows:

	Group and Company	
	2007	2006
	RM	RM
Property, plant and equipment		
- capital allowances	1,279,880	1,413,514
Unrealised foreign exchange loss	2,747	4,682
Retirement benefits	(157,494)	(158,924)
Allowance for doubtful debts		
- general	(121,500)	(126,000)
At end of year	<u>1,003,633</u>	<u>1,133,272</u>

20. Provision for staff gratuity

	Group and Company	
	2007	2006
	RM	RM
At beginning of year	567,587	521,296
Current year's provision	53,287	51,848
	<u>620,874</u>	<u>573,144</u>
Amount paid during the year	(37,564)	(5,557)
At end of year	<u>583,310</u>	<u>567,587</u>

21. Share capital

	Group and Company	
	2007	2006
	RM	RM
Authorised:		
100,000,000 ordinary shares of RM1 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid:		
At beginning of year/end of year	<u>41,008,500</u>	<u>41,008,500</u>

22. Reserves

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Distributable:				
Retained profits	11,685,229	9,953,422	13,157,813	11,275,998
Non-distributable:				
Currency translation reserve	(20,085)	(64,743)	-	-
	<u>11,665,144</u>	<u>9,888,679</u>	<u>13,157,813</u>	<u>11,275,998</u>

Based on the estimated tax credits available, and the prevailing tax rates applicable to dividend, all of the retained profits of the Company are available for distribution by way of dividend without incurring additional tax liability.

Subject to the agreement by the tax authorities, the Company has tax exempt income account of approximately RM3,874,840 (2006: RM5,310,000) available for distribution as tax exempt dividend.

23. Significant related party transaction

Name of company	Type of transactions	2007	2006
		RM	RM
With subsidiary:			
Advanced Packaging Investments (HK) Ltd	Advances	<u>57,843</u>	<u>341,489</u>

24. Segmental information

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.

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	
	2007	2006	2007	2006	2007	2006
	RM	RM	RM	RM	RM	RM
Segment assets						
by location						
of assets	<u>50,408,069</u>	<u>46,073,593</u>	<u>6,009,940</u>	<u>10,225,857</u>	<u>56,418,009</u>	<u>56,299,450</u>

Notes to the Financial Statements at 31 December 2007 (cont)

25. Capital commitment

On 26 February 2008, the Company had entered into an agreement to acquire a set of Converting Equipment for a total purchase consideration of Japanese Yen One Hundred and Seventy Eight Million (JPY 178,000,000.00).

26. Financial instruments

Financial risk management objectives and policies

The main risks arising from the Group's financial assets and liabilities are credit, interest rate, foreign exchange and liquidity risk. The Group's overall risk management seeks to minimise potential adverse effects of these risks on the financial performance of the Group Hong Kong Dollar and Renminbi. The management reviews and agrees policies for managing each of these risks and they 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.

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.

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 is primarily US dollars. The exposure of foreign currency risk is monitored in 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.

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

Recognised financial instruments

In respect of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings, the carrying amounts approximate fair value due to the relatively short term nature of these financial instruments.

	2007		2006	
	Carrying Amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group and Company				
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.

	2007		2006	
	Carrying Amount RM	Fair value RM	Carrying amount RM	Fair value RM
Company				
Amount due from subsidiaries	7,365,749	*	11,363,014	*

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

27. General information

The financial statements were approved and authorised for issue by the Board of Directors on 24 April 2008.

The registered office of the Company is located at 23B Jalan 52/1, 46200 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 domiciled in Malaysia.

List of the Properties as at 31 December 2007

Location/ Address	Description/ Existing Use	Land/ (Built-up) Address	Tenure	Age of Building	Net Book Value RM	Date of Acquisition
Location: Lot HS(M) 9617 PT11447 Mukim of Kajang Daerah Ulu Langat Selangor Darul Ehsan	Industrial Land erected with office, factory and warehouse premises / Own use	8,903 / 5,666	99 years leasehold Expiring on 29 September 2086	24 years old	3,147,881	3-5-1984
Address: Lot 2 Jalan P/2A Kawasan MIEL Bangi Industrial Estate 43650 Bandar Baru Bangi Selangor Darul Ehsan						

Analysis of Shareholdings as at 30 April 2008

SHAREHOLDERS

The company had 1,319 shareholders as at 30 April 2008. There is only one class of share, namely ordinary share of RM1.00 each. Each share entitles the holder to one vote.

ANALYSIS BY SIZE OF SHAREHOLDINGS

As at 30 April 2008

Size of Shareholdings	No of Shareholders	Total Shareholdings	%
Less than 100	78	3,940	0.01
100 - 1,000	91	60,885	0.15
1,001 - 10,000	899	3,437,963	8.38
10,001 - 100,000	205	5,326,345	12.99
100,001 to less than 5% of issued shares	43	24,521,799	59.80
5% and above of issued shares	3	7,657,568	18.67
Total	1,319	41,008,500	100.00

SUBSTANTIAL SHAREHOLDERS

As at 30 April 2008

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Tjin Kiat @ Tan Cheng Keat	3,100,178	7.56	-	-
2.	Wong Chee Weng	2,674,300	6.52	-	-
	- 2,174,300 shares held through own name				
	- 500,000 shares held through Citigroup Nominees (Tempatan) Sdn Bhd				
3.	Lee Ng Mah @ Lee Wai Chan	2,383,090	5.81	-	-
4.	Chee Sam Fatt	20,250	0.05	6,355,510(a)	15.50
5.	Dato' Law Sah Lim	10,029	0.02	6,617,171(b)	16.14

Notes

- (a) + (b) Deemed Interest under section 134(12)(c) of the Companies Act 1965 by virtue of his interest held through his spouse and children

Analysis of Shareholdings as at 30 April 2008 (cont)

DIRECTORS' SHAREHOLDINGS

As at 30 April 2008

No.	Name of Directors	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Chee Sam Fatt	20,250	0.05	6,355,510(a)	15.50
2.	Tjin Kiat @ Tan Cheng Keat	3,100,178	7.56	-	-
3.	Yeo Tek Ling	24,338	0.06	-	-
4.	Dato' Haji Ghazali B. Mat Ariff	-	-	-	-
5.	Dato' Law Sah Lim	10,029	0.02	6,617,171(b)	16.14
6.	Datuk Ismail Bin Haji Ahmad	-	-	-	-
7.	Mah Siew Seng	-	-	-	-
8.	Eu Hock Seng	22,421	0.05	870,449(c)	2.12
9.	Ng Choo Tim	1,296,594	3.16	-	-

Notes

- (a) + (b) Deemed Interest under section 134(12)(c) of the Companies Act 1965 by virtue of his interest held through his spouse and children
- (c) Deemed Interest under section 134(12)(c) of the Companies Act 1965 by virtue of his interest held through his daughter

THIRTY (30) LARGEST SHAREHOLDERS As at 30 April 2008

No.	Name of Shareholders	No. of Shares	%
1.	Tjin Kiat @ Tan Cheng Keat	3,100,178	7.56
2.	Lee Ng Mah @ Lee Wai Chan	2,383,090	5.81
3.	Wong Chee Weng	2,174,300	5.30
4.	Chee Chin Tsai	2,039,434	4.97
5.	Chee Chin Hung	1,932,986	4.71
6.	Lee Kim Mua @ Lim Kim Moi	1,833,252	4.47
7.	Citigroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Law Geok King)	1,639,700	4.00
8.	TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Siow Chung Peng)	1,445,500	3.52
9.	Ng Choo Tim	1,296,594	3.16
10.	Amanah Raya Nominees (Tempatan) Sdn Bhd (Skim Amanah Saham Bumiputera)	1,281,775	3.13
11.	Liew Say Fah	900,000	2.19
12.	Eu Chin Fen	870,449	2.12
13.	Tan Kok Chiew	839,991	2.05
14.	Wong Hok Yim	788,000	1.92
15.	Tan Wooi Bee @ Nur Huda Tan	768,256	1.87

Analysis of Shareholdings as at 30 April 2008 (cont)

THIRTY (30) LARGEST SHAREHOLDERS As at 30 April 2008(cont)

No.	Name of Shareholders	No. of Shares	%
16.	TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ng Soh Hin)	682,700	1.66
17.	Law Geok Beng	676,937	1.65
18.	Law Ling Ling	661,948	1.61
19.	Law Geok Eng	627,988	1.53
20.	Tan Tjen Wan @ Tan Cheng Guan	553,931	1.35
21.	Citigroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Wong Chee Weng - 472364)	500,000	1.22
22.	Tan Wooi Hong	488,800	1.19
23.	Law Mong Yong	479,391	1.17
24.	Tasek Maju Realty Sdn Bhd	450,000	1.10
25.	Law Geok King	400,188	0.98
26.	Tan Foei Kia @ Tan Hooi Chia	337,431	0.82
27.	Yap Ah Cheng	300,000	0.73
28.	Ng Sek Eng	238,000	0.58
29.	Law Mong Hock	230,267	0.56
30.	Kho Sow Gan	223,750	0.55

PROXY FORM



ADVANCED PACKAGING TECHNOLOGY (M) BHD

(COMPANY NO. 82982-K)

(Incorporated in Malaysia)

I/We _____
(Full Name in Block Letters)

of _____
(Address)

being a member/members of ADVANCED PACKAGING TECHNOLOGY (M) BHD hereby appoint * "the Chairman of the meeting"

or _____
(Full Name in Block Letters)

of _____
(Address)

or failing him/her _____
(Full Name in Block Letters)

of _____
(Address)

as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Hotel Equatorial Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 26 June 2008 at 11.00 a.m. and at any adjournment thereof on the following resolutions in the manner indicated below:-

		FOR	AGAINST
RESOLUTION 1	To receive the Audited Financial Statements for the year ended 31 December 2007 and the Directors' and Auditors' Reports thereon.		
RESOLUTION 2	To approve the payment of a tax exempt final dividend of 4.5%.		
RESOLUTION 3	To approve the payment of Directors' Fees.		
RESOLUTION 4	To re-elect Mr Tjin Kiat @ Tan Cheng Keat as Director.		
RESOLUTION 5	To re-elect Mr Mah Siew Seng as Director.		
RESOLUTION 6	To re-appoint Mr Chee Sam Fatt as Director.		
RESOLUTION 7	To re-appoint Dato' Law Sah Lim as Director		
RESOLUTION 8	To re-appoint Datuk Ismail bin Haji Ahmad as Director		
RESOLUTION 9	To re-appoint Messrs PKF as Auditors and to authorise the Directors to fix their remuneration.		

(Please indicate with an 'X' in the appropriate spaces provided above how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

* Delete the words 'the Chairman of the meeting' if you wish to appoint some other person(s) to be your proxy.

Dated this.....day of.....2008

Signature

No. of Shares held

NOTES:

A member of the Company entitled to attend and vote at this meeting may appoint a proxy or proxies to vote in his stead. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.

The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney duly authorised.

The instrument appointing a proxy must be deposited at the Company's Registered Office at 23B Jalan 52/1, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time appointed for holding the meeting or any adjournment thereof.

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Affix
Stamp

The Company Secretary
ADVANCED PACKAGING TECHNOLOGY (M) BHD (82982-K)
23B Jalan 52/1
46200 Petaling Jaya
Selangor Darul Ehsan

Fold Here