LAPORAN TAHUNAN 2009 ANNUAL REPORT

ADVANCED PACKAGING TECHNOLOGY (M) BHD.
(82982-K)
先進包裝工業(馬)有限公司

ISO 9001 REGISTERED FIRM
UKAS QUALITY MANAGEMENT 4152
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 (now known as Main Market after the merger of the Main Board and Second Board on 03 August 2009) 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 manufactuing 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 and BS EN ISO 9001:2008 by Independent European Certification Limited, United Kingdom and Independent European Certification (M) Sdn Bhd on 21 December 2003 and 12 January 2010 respectively. 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 for its internal consumption.

Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Eighth Annual General Meeting of Advanced Packaging Technology (M) Bhd ("the Company") will be convened and held at Hotel Equatorial Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 24 June 2010 at 11.00 a.m. to transact the following items of business :-

AGENDA

As Ordinary Business

1. To receive the Statutory Financial Statements for the year ended 31 December 2009 together with the Directors' and Auditors' Reports thereon. ***Resolution 1***
2. To approve the payment of a final dividend of 7% gross per share, less 25% income tax, amounting to 5.25% net per share for the year ended 31 December 2009. ***Resolution 2***
3. To approve the payment of Directors' Fees of RM108,000.00 for the year ended 31 December 2009. ***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 Ng Choo Tim; and ***Resolution 4***
   (b) Mr Yeo Tek Ling. ***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; ***Resolution 7***
   (c) Datuk Ismail bin Haji Ahmad; ***Resolution 8***
   (d) Mr Tjin Kiat @ Tan Cheng Keat; and ***Resolution 9***
   (e) Mr Eu Hock Seng. ***Resolution 10***
6. To re-appoint Messrs PKF as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Resolution 11***

As Special Business

7. To consider and if thought fit, to pass the following special resolution:- ***Resolution 12***

   Proposed Amendments to the Articles of Association

   "**THAT** the Articles of Association of the Company be amended in the manner as set out in Appendix II in the Circular to Shareholders dated 1 June 2010."
8. To consider and if thought fit, to pass the following ordinary resolution:- ***Resolution 13***

   Proposed Renewal of Shareholders' Mandate for the Company to buy-back its own shares ("Proposed Shareholders' Mandate")

   "**THAT** subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company, Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant regulatory authorities, the Company be and is hereby authorised to renew the approval granted by the shareholders of the Company at the Annual General Meeting of the Company held on 25 June 2009, authorising the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company and an amount not exceeding the retained profits of the Company, be allocated by the Company for the Proposed Share Buy Back. The audited retained profits of the Company stood at RM9,021,360 for the financial year ended 31 December 2009.

   AND THAT upon completion of the purchase by the Company of its own shares, the Directors be and are hereby authorised to cancel such shares or retain such shares as the treasury shares or a combination of both. The Directors are further authorised

Notice of Annual General Meeting (cont'd)

to resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends to the shareholders of the Company or subsequently cancel the treasury shares or any combination of the three (3) and in any other manner as prescribed by the Act, rules and regulations and orders made pursuant to the Act and requirements of Bursa Securities and any other relevant authority for the time being in force.

AND FURTHER THAT the Directors be and are hereby authorised to carry out the Proposed Share Buy-Back immediately upon the passing of this resolution until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occur first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors may deem fit and expedient in the interest of the Company to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, amendments and/or variations as may be imposed by the relevant authorities."

9. To transact any other ordinary business of 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 final dividend of 7% gross per share, less 25% income tax, amounting to 5.25% net per share in respect of the financial year ended 31 December 2009 will be paid on 15 July 2010 to shareholders whose names appear in the Company's Record of Depositors on 2 July 2010.

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 2 July 2010 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

SEE SIEW CHENG (MAICSA 7011225)
LEONG SHIAK WAN (MAICSA 7012855)
Joint Company Secretaries

Petaling Jaya
1 June 2010

NOTES:

1. *A member of the Company entitled to attend and vote at this meeting may appoint a maximum of two proxies to vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provisions of Section 149(b) of the Companies Act, 1965 shall not apply to the Company.*

2. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (but not more than two) in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*

3. *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.*

4. *The instrument appointing a proxy must be deposited at Ground Floor, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time appointed for holding the meeting or any adjournment thereof.*

5. *The Resolution 12, if approved, will empower the Company to update its Articles of Association which to be in line with Bursa Malaysia Securities Berhad's directive for all listed issuers who announce a book closing date for cash dividend entitlements on or after 1 September 2010 to pay by direct transfer or electronically via eDividend to shareholders who have provided their bank account information to Depository.*

6. *The Resolution 13, if approved, will empower the Directors of the Company to purchase and/or hold up to a maximum of ten percent (10%) of the issued and paid-up share capital of the Company at any point of time, by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier. Further information on this proposed Ordinary Resolution is set out in the Circular to Shareholders dated 1 June 2010.*

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-Eighth Annual General Meeting are as follows:-

Under Article 80 of the Company's Articles of Association

a) Ng Choo Tim
b) Yeo Tek Ling

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

a) Chee Sam Fatt
b) Dato' Law Sah Lim
c) Datuk Ismail bin Haji Ahmad
d) Tjin Kiat @ Tan Cheng Keat
e) Eu Hock Seng

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 2009 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	4

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

The Twenty- Eighth 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, 24 June 2010 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- Eighth 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

SECRETARIES

See Siew Cheng
(MAICSA 7011225)
Leong Shiak Wan
(MAICSA 7012855)

AUDITORS

PKF
AF 0911
Chartered Accountants

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Chee Sam Fatt (Chairman)
- Non-Independent Non-Executive Director
Dato' Haji Ghazali Bin Mat Ariff
- 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

REGISTERED OFFICE

Level 8, Symphony House
Block D 13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7841 8000
Fax: 03-7841 8199

REGISTRAR & SHARE TRANSFER OFFICE

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Block D 13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7841 8000
Fax: 03-7841 8008

PRINCIPAL BANKER

CIMB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Website : www.advancedpack.com.my

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 74 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 and father of Mr Chee Chin Tsai who are the substantial shareholders 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. He is not a director of any other public company.

TJIN KIAT @ TAN CHENG KEAT*
Malaysian
Managing Director (Non-Independent Executive Director)

Mr Tan Cheng Keat, aged 71 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.

Mr Tan had many years of marketing experience prior to joining the Company. He held various marketing and sales position 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.

He 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 share 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 51 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.

Directors' Profile (cont'd)

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 ISO9002 certification in year 2000 as well as the subsequent upgrading to ISO 9001:2000 in 2003 and ISO 9001 : 2008 in 2009.

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 80 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, aged 70 years, is a founder director of the Company. He 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.

NG CHOO TIM*
Malaysian
Director (Independent Non-Executive Director)

Mr Ng Choo Tim, aged 58 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.

DATUK ISMAIL BIN HAJI AHMAD*
Malaysian
Director (Non-Independent Non-Executive Director)

Datuk Ismail bin Haji Ahmad, aged 73 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 Holdings Berhad.

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 57, is a Chartered Certified Accountant by profession. He 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 Chartered Tax Institute of Malaysia (formerly known as Malaysian Institute of Taxation). He practices as a Chartered Accountant in Teluk Intan under the name of Messrs. 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' Profile (cont'd)

DATO' HAJI GHAZALI BIN MAT ARIFF
Malaysian
Director (Independent Non-Executive Director)

Dato' Haji Ghazali Bin Mat Ariff, a Malaysian aged 69, is an Independent Non-Executive Director of Advanced Packaging Technology (M) Bhd. 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.

Dato' Ghazali is an Advocate and Solicitor. 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 of Malaya on 27 September 1979. He set up a legal firm in March 1980 under the name of Messrs. Sethu Ghazali & Gomez (now known as Ghazali Ariff & Partners) 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 at Chung Hwa Confucian High School Penang from 1962 to 1968 and a lecturer at Sultan Hassanal Bolkiah Teachers' Training College Brunei Darussalam from 1968 to 1974.

Apart from Advanced Packaging Technology (M) Bhd, Dato' Ghazali sits on the Board of two (2) other public listed companies, namely, Amalgamated Industrial Steel Berhad, Eden Inc. Berhad and one (1) public company namely, Timah Langat Holdings Berhad. In September 2007, Dato' Ghazali assumed the position as Chairman of Amalgamated Industrial Steel Berhad. He also sits on the Board of several private limited companies.

Dato' Ghazali is the vice president of Jemaah Dato'- Dato' Perlis. He was appointed as a Commissioner for Oaths from 1995 till 2005. From September 1995 to December 1999, he was the Honorary Vice Consul of the Republic of Finland in Kuala Lumpur. Dato' Ghazali was also the Honorary Legal Advisor of Malaysia Thai Association from 1999 to 2002.

He has no conflict of interest with the Company and 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.

Dato' Ghazali attended all four Board meetings held during the financial year ended 31 December 2009.

*Directors standing for re-election

Corporate Social Responsibility Statement

Advanced Packaging Technology (M) Bhd recognises its social obligation to society and the importance of playing its role in Corporate Social Responsibility (CSR).

The Company's initiatives in fostering CSR is an ongoing commitment and the emphasis is in four areas namely the Workplace, the Community, the Environment and the Marketplace.

1) The Workplace

Recognising the importance of employee as one of the most valuable asset of the Company, it has taken pro-active steps in the development of its human capital. Both external and in-house training programmes were provided or conducted on a regular basis to enhance the skill and knowledge of its employees. The Company believes continuous learning and training will improve competencies and job performance of the employees.

Providing a safe and healthy working condition for employees is always the emphasis of the Company. A Safety and Health Committee was in place to oversee the safety and occupational health issues in the workplace. Protective gears were given to its factory and production staff/workers.

Preventive actions and mitigation measures such as safety briefing and fire drills were conducted on site to enable the employees to better understand certain safety issues and to react in time of emergency.

The Company also ensures that all employees are adequately provided for with medical benefits and insurance coverage.

2) The Community

It has always been the policy of the Company to give priority to provide employment and job opportunities for local people particularly the fresh graduates/school leavers and unskilled workers. This will help the government in the development of human capital. It will also help to overcome the unemployment and reduce social ills of the youth as well as improve the standard of living of the people.

The Company provides certain 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 ensures that the business activities are conducted in compliance with the applicable environment regulations and pre-emptive efforts are taken to minimize the damage to the environment.

Some of the initiatives taken by the Company are as follows:-

a) Using licenced contractor for scheduled waste disposal.
b) Replacing diesel usage with natural gas as fuel for boilers to reduce air pollution.
c) Recycling of certain discarded raw and processed materials.
d) Reusing and recycling of pallets, cardboards, paper and stationery.
e) Setting appropriate temperature for air-conditioners in the office.
f) Switching off lighting and air-conditioners whenever possible.

4) The Marketplace

The Company operates in the competitive market with good governance and effective management in order to enhance stakeholders' value. It works closely with major customers and suppliers for better partnership which is beneficial to both organizations in the long run for better value creation.

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 27 April 2010

Statement on Corporate Governance

The Board of Directors ("Board") acknowledges the importance of having good corporate governance framework in conducting the business and affairs of the Company.

In order to enhance shareholders' value and the financial performance of the Company whilst taking into account the interest of other stakeholders, the Board is 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.

This Statement together with other statements such as Statement on Internal Control sets out 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 2009.

1.0 BOARD OF DIRECTORS ("BOARD")

1.1 Role and Responsibilities

The Board recognizes that it's the duty of the Directors to act in the best interest of the Company and the Board is ultimately responsible for the performance of the Company. The Board comprises members with diversified background has the overall responsibility for corporate governance, establishing goals, setting strategic direction, overseeing investments, conduct, operation and execution of the Company's business. Thus, it provides leadership, strategic direction and advice to the Company and guides the Company in achieving its objectives.

The Directors are 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.

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.

The Chairman of the Board and Board Committees are assisted by Management and the Company Secretary in undertaking their 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 and Board Committees to function effectively.

1.2 Composition of the Board and Board Balance

There is an appropriate number of directors which fairly reflects the investment in the Company as the Board does not have any significant shareholder. It is currently comprising of nine members with 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 presence of Independent Non-Executive Directors fulfills a pivotal role in corporate governance accountability. 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.

The Board members possess a wide range of skills and varied experience in either business or professional practices and this is crucial to the proper running of the Company.

There is a clear division of roles and responsibilities of the non-Executive Chairman and the Managing Director 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 overall 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.

1.3 Board and Committee Meetings

The Chairman is responsible for ensuring that the Board is running effectively. 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. The Nomination and Remuneration Committee usually meet once a year. A schedule of board and committee meetings for the following financial year was prepared in advance by Management in the fourth quarter of the financial year.

Relevant agenda papers and reports for each meeting are circulated to Directors in advance of the meeting. When requested by the Board or Board Committees, additional information are promptly supplied to enable them to effectively discharge their responsibilities. Certain Senior management staff had been requested to attend the Board or Board Committee meetings when clarification was sought.

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

Attendance at meetings is detailed in the Statement Accompanying the Notice of Annual General Meeting and the Audit Committee Report.

1.4 Supply of Information

Notice, agenda and Board Papers and reports are provided to all members of the Board and Board Committee in advance 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.

The Directors have full and unrestricted access to all information pertaining to the Company's business and affairs. 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.

Statement on Corporate Governance (cont'd)

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 2009, Directors were briefed by Company Secretary on areas related to the key amendments to the Listing Requirements of the Main Market and key areas of the Corporate Governance Guide- Towards Boardroom Excellence. Apart from the above, other training programmes, seminars, workshops attended by some of the Directors individually are as follows:-

Dato' Haji Ghazali bin Mat Ariff
i) Risk Management workshop by IA Essential Sdn. Bhd.

Mr. Yeo Tek Ling
i) Evaluating performance of the Board organized by The Chartered Institute of Management Accountants (CIMA), Malaysia Division;
ii) CIMA World Conference 2009 organized by CIMA, Malaysia Division;
iii) ISO 9001:2008 QMS Awareness Training by Accelerated Learning System 2000;
iv) National Accountants Conference 2009 by Malaysian Institute of Accountants (MIA).
v) Corporate Governance Guide- Towards Boardroom Excellence by MIA.

Mr Mah Siew Seng
i) CTIM workshop on a critique of recent tax cases by Chartered Tax Institute of Malaysia.
ii) Tax conference by Malaysian Institute of Accountants (MIA).
iii) Financial Reporting Standards in Malaysia- salient features by MIA.
iv) Enhancing audit quality control & practice review finding and tax compliance by Aljeffri dean Consulting Sdn. Bhd.
v) National Seminar on Taxation 2009 by Inland Revenue Board and Inland Revenue Officers' Union.

2.0 Directors' Remuneration

It is generally agreed 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 were only paid upon 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.

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

Set out below are the details of the Directors' remuneration received, receivable and inclusive of the recommended directors' fees in respect of the financial year ended 31 December 2009, distinguishing between Executive and Non-Executive Directors:-

Category of Remuneration	Executive Directors (RM)	Non-Executive Directors (RM)
Salary	324,000.00	-
Fees	24,000.00	84,000.00
Bonus	111,902.00	-
Benefits-in-kind	36,625.00	-
EPF & Socso	95,900.00	-
Others	-	-
Total	592,427.00	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	-	-

In view of the confidentiality and sensitivity of the disclosures, details of individual director's remuneration are not disclosed herewith.

Statement on Corporate Governance (cont'd)

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

The Nomination Committee was established on 27 February 2002 by the Board. It comprises of two independent non-executive directors and one non-independent non-executive director and the members 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 and attended by all members during the year under review.

3.3 Remuneration Committee

The Remuneration Committee was set up on 27 February 2002 and it has 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 with full attendance during the year under review.

4.0 Relationship With Shareholders

It's the practice of the Company in maintaining an effective communication channel between the Board, shareholders and the general public through timely dissemination of all material information.

Members of the public can obtain the full Annual Report, financial statements and announcements from the Bursa Malaysia Securities Berhad's website. The timely release of announcement, quarterly and annual financial results, annual reports, circulars and notices of meetings provides shareholders with regular and updated information of the Company. The Company's website also provides more information on the Company to the public.

The Company endeavours to provide appropriate information upon requests by institutional investors, fund managers and analysts and the press.

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 business and operations.

5.0 Accountability and Audit

5.1 Financial Reporting

The Company presents its financial performance on a quarterly basis through public announcement and also provides the financial report on an annual basis for a true, fair, balanced and understandable assessment of the Company's position. 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.

Statement on Corporate Governance (cont'd)

5.2 Internal Control

The Board of Directors recognises the important 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. The internal control system aims at identifying and managing any risks that the Company may encounter in the pursuit of its business objectives. 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 at a cost of RM 13,200.00 to Covenant Equity Consulting Sdn Bhd to review certain functional areas 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. However, the internal control system, by nature can only provide reasonable but not absolute assurance against loss. A 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 established an appropriate and transparent relationship with its external auditors through the Audit Committee. 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 and they had participated actively in the meeting and highlighted major issues that need more deliberation.

External auditors were also invited from time to time to attend Board meeting to brief the Directors on important issues 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 27 April 2010.

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

At the Extraordinary General Meeting held on 26 June 2008, the Company obtained the approval of the shareholders in relation to the share buy-back authority, whereby the Company is authorized to purchase up to ten (10%) of its issued and paid-up capital. The authority was subsequently renewed on 25 Jun 2009.

During the financial year ended 31 December 2009, the Company purchased a total of 12,900 ordinary shares at a total consideration of RM8,801.62, all of which are retained as treasury shares. As at 31 December 2009, total cumulative shares purchased and retained as treasury shares were 1,655,000 shares at a total consideration of RM 1,120,913.70. The share buy-back was financed by internally generated funds. None of the shares purchased so far has been sold or cancelled during the financial year. The details of the shares purchased to date are set out below:-

		Purchase Price Per Share (RM)			Total Consideration*
Month	**No. of Ordinary Shares**	**Lowest**	**Highest**	**Average**	**(RM)**
September 2008	475,000	0.66	0.71	0.70	331,816.70
October 2008	793,300	0.64	0.68	0.67	532,026.95
November 2008	327,800	0.65	0.68	0.67	219,252.70
December 2008	46,000	0.60	0.63	0.63	29,015.73
March 2009	7,200	0.60	0.60	0.60	4,366.30
September 2009	5,700	0.77	0.77	0.77	4,435.32
Total	1,655,000				1,120,913.70

* Includes transaction cost

Options, Warrants and Convertible Securities

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

Depository Receipt

The Company did not sponsor any depository receipt 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 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 RM11,500.00.

Other Information (cont'd)

Variance in Results

There was no material variance between the Company's audited results for the financial year ended 31 December 2009 and the unaudited results previously released for the financial quarter ended 31 December 2009.

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.

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.

Statement On Internal Control

Introduction

Pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Listing Requirements which requires the directors of public listed companies to include a statement in the annual report on the state of internal control, the Board of Directors ("Board") sets out below a Statement On Internal Control, which outlines the nature and scope of internal control of the Group during the year.

Responsibility

The Board of Advanced Packaging Technology (M) Bhd. ("APT or the Group") acknowledges the importance of good corporate governance and 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.

Control systems in the group are designed to manage rather than eliminate the risks facing the business in pursuit of its business objectives. Such systems therefore can only provide reasonable, and not absolute assurance against material misstatement, fraud, loss or breaches of laws or regulations in view of the limitations inherent in any system of control.

Management assists the Board in implementing the appropriate controls that will mitigate and manage risks at certain reasonable level.

Risk Management

Risk management is regarded by the Board as an integral part of the business operations and it was embedded in the various systems of control. Therefore, the Board is committed to uphold / support and enhance on continuous basis a strong control structure and environment for the proper conduct of the business.

Management is responsible for creating a risk-aware culture within the organization so as to mitigate risks that may impede the achievement of the business goals. The management has also been tasked with the responsibility of identifying and evaluating significant 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 Group outsourced its Internal audit function to external consultants during the year under review. Internal audit function reports directly to the Audit Committee and is independent of the management.

It assists the Audit Committee and the Board in formulating an internal audit plan and to provide an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system, in anticipating potential risk exposures over key business processes.

The internal audit function adopts a risk-based methodology approach and design the audit strategy and plan based on the risk profiles of the business. As such, it provides the Board with the independent assurance and assistance it requires in indentifying principal risks, reviewing the adequacy and integrity of the internal controls and the implementation of appropriate systems to manage these risks.

Statement On Internal Control (cont'd)

The external consultants carried out periodical reviews of the internal controls on various key functional areas of the business operations, which has been approved by the Audit Committee. Report on findings and recommendations were then submitted directly to the Audit Committee, and by extension to the Board of Directors. The management will carrying out the necessary corrective actions on reported weaknesses as recommended by the internal audit function within the agreed time frame. The Audit Committee will in turn review with management the internal audit report and management response. Progress of corrective actions are monitored through follow-up audits.

Quality Assurance System

The Group has implemented a Quality Management System complying with the BS EN ISO 9001:2008 requirements in monitoring the quality of the Group's core business of manufacturing of flexible packaging materials and blown film.

As an integral part of the overall system of controls, the Board recognises that compliance to ISO 9001:2008 standards is an on-going commitment in improving quality and internal control. As such, the management is committed to carry out upgrading and monitoring of the Company's Quality Management System on a continuous basis for further improvement of the control system.

Other Key Elements of Internal Control

Apart from risk management and internal audit, other key measures that assist in improving the internal control of the Group are :

- Proper delegation of responsibilities and authorities by the Board to various Committees of the Board.
- Independence of the Audit Committee in discharging its duties and responsibilities.
- Implementation of relevant procedures which are in line with Quality Management System and are complying to ISO 9001:2008 standards.
- Proper organisational structure and job specification for employees.
- Communication of quality policy and objectives to all employees.
- Proper process of the annual profit forecast approved by the Board.
- Regular operational and financial reporting to the management and the Board.
- Reviews of financial and progress reports by the Audit Committee and the Board of Directors at regular period.
- 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 through a combination of on-the-job training and internal and external training courses.

Conclusion

The Board is of the opinion that the current system of internal control is adequate for the current operations. There was no material loss incurred during the financial year under review as a result of major weaknesses in the system of internal control. However, the Board will continue to monitor and ensure that appropriate measures are undertaken to improve and strengthen the control environment.

This statement was approved by the Board on 27 April 2010

Directors' Responsibility Statement

In compliance to paragraph 15.26 (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 financial reporting / 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 2009.

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 27 April 2010.

Audit Committee Report

The Board of Directors is pleased to present the report of the Audit Committee for the financial year ended 31 December 2009 in pursuant to paragraph 15.15 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 at least three members, a majority of whom shall be independent directors.

2. All the members of the Audit Committee shall be non-executive directors.

3. All the members of the Audit Committee shall be financially literate and 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 or approved 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.

2. The Chairman of the Audit Committee shall engage on a continuous basis with the Company's senior management and external auditors in order to be kept informed of matters affecting the Company.

C. MEETINGS

1. The Audit Committee shall meet regularly and not less than four times a year with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities.

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 board members and employees may attend the meeting only at the invitation of the Audit Committee.

4. At least twice 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 15.09(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, competency 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 and year end financial statements of the Company, focusing particularly on:

Audit Committee Report (cont'd)

- 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 matters in relation to internal audit function:-

(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) take cognizance 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, the internal auditors, or both excluding the attendance of other directors and employees of the Company, 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.

Summary of Audit Committee's Activities

The Audit Committee carried out the following activities during the financial year ended 31 December 2009 :-

(a) reviewed the quarterly unaudited financial results and announcements and annual audited financial statements for recommendation and submission to the Board of Directors for approval and release to the Bursa Malaysia Securities Berhad.
(b) reviewed the nature and scope of audit plan and audit fees with external auditors prior to the audit of the year- end financial statements and accounts.
(c) reviewed and discuss with external auditors the assistance given to them by employees of the Company, the evaluation of the system of internal control, external auditor's report, recommendations, management letter and management's response in relation to the audit of the year- end financial statement and accounts.
(d) met and discussed with external auditors in the absence of management on matters arising from the interim and final audits.
(e) met and discussed with representatives of Covenant Equity Consulting Sdn. Bhd on their proposals to provide internal audit services for 2009 and recommended the internal audit scope and plan for approval of the Board.
(f) reviewed the internal audit programmes and reports prepared by Covenant Equity Consulting Sdn. Bhd and management's response to its findings and recommendations.

Summary of Internal Audit Function's Activities

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

During the year under review, CEC had completed audit of certain key business processes and principal risk areas. It had also performed follow-up review on actions taken by management in relation to the recommendations made in the previous audit. Internal audit reports issued to the Company incorporating both findings and recommendations. Internal audit report and management's response were tabled in Audit Committee meeting by CEC. Having reviewed and discussed by the Audit Committee, the internal audit report and management's response were then given to the Board of Directors for further action. Management is responsible for taking necessary corrective actions within certain agreed time frame to ensure potential risk exposures over key business processes is properly addressed and managed.

This statement was made in accordance with a Board resolution passed on 27 April 2010.

Chairman's Statement

On behalf of the Board of Directors of Advanced Packaging Technology (M) Bhd, it gives me great pleasure to present to you the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2009.

OVERVIEW

Business has gradually improved in the second half year of 2009 after the unprecedented global financial crisis last year. 2008 was indeed a year full of challenges and we witnessed the sharp changes in the pricing of crude oil and major commodities and the US sub-prime issues which had resulted in widespread global credit crisis and economic adversities. This has prompted government of various countries to take proactive measures to prevent their economy from sliding further.

FINANCIAL PERFORMANCE

The group recorded a turnover of RM24.25 million for the year ended 31 December 2009 which was RM1.91 million or 7.30% lower when compared to RM26.16 million recorded in the preceding financial year. Net profit after tax for the year under review also decreased by RM0.69 million or 60.00% to RM0.46 million from RM1.15 million in financial year 2008. Lower sales and share of loss in the jointly controlled entity had contributed mainly to the sharp decrease in the net profit for the year.

PROSPECTS

The prospect of the flexible packaging materials industry is still promising in view of the growing demand for better flexible packaging materials. However, market competition is unavoidable. As such, barring unforeseen circumstances, the Board expects to achieve satisfactory results for 2010.

DIVIDEND

The Board of Directors has recommended a final dividend of 7.00 sen per share less tax of 25% (2008: 4.50 sen per share tax exempt) for the financial year ended 31 December 2009. The proposed dividend is subject to the approval of the shareholders at the Annual General Meeting to be held on 24 June 2010. No interim dividend was paid during the year (2008 : 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.

Since there is no significant progress and development of the project, the Board has decided to recognize the share of loss of RM5.70 million and the reversal of impairment loss on investment of RM2.34 million in the Group's Income Statement for the financial year ended 31 December 2009.

On 05 January 2009, the Board had resolved to wind-up the wholly-owned subsidiary in PRC, Xiame Jinjie Trading Co. Ltd (XJTC) and an announcement was made to Bursa Malaysia Securities Berhad on the same day. Approval has been obtained from Xiamen City Industrial and Commercial Department on 31 May 2009 for winding up XJTC and it has subsequently completed the winding up process.

The shareholders of the Company approved the buy-back of up to 10% of its issued and paid up capital at the Extraordinary General Meeting held on 26 June 2008. And the Company has on 25 June 2009 obtained its shareholder's approval for the renewal of the existing shareholders mandate for the share buy-back exercise. During the financial year, the Company repurchased from open market a total of 12,900 (2008: 1,642,100) of its own shares for a total cash consideration of RM8,802.00 (2008: RM1,112,112.00). The average price paid for the shares repurchases was approximately RM0.68 (2008:RM0.68) per share. These shares purchased were held as treasury shares.

ACKNOWLEDGEMENT

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

Chee Sam Fatt
Chairman
27 April, 2010

Directors' Report

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

Principal activities

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

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

Results

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

Reserves and provisions

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

Dividends

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

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

Directors

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

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

Directors' interest in shares

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

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

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

Directors' benefits

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

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

Issue of shares and debentures

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

There were no debentures issued during the financial year.

Options granted over unissued shares

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

Directors' Report (cont'd)

Share buy-back

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

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

Other statutory information

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

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

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

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

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

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

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

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

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

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

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

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2009 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

Auditors

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

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

TJIN KIAT @ TAN CHENG KEAT

NG CHOO TIM

Kuala Lumpur

Dated : 27 April 2010

Statement By Directors Pursuant To Section 169 (15) Of The Companies Act, 1965

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

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

TJIN KIAT @ TAN CHENG KEAT

NG CHOO TIM

Kuala Lumpur

Dated : 27 April 2010

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 Bandar Baru Bangi on 27 April 2010

TJIN KIAT @ TAN CHENG KEAT

YEO TEK LING

Before me,

COMMISSIONER FOR OATHS
Zahariah BT. Mahyuddin
(No. B 330)

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

REPORT ON THE FINANCIAL STATEMENTS

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

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Emphasis of Matters

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

Other Matters

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

PKF	CHAU MAN KIT
AF0911	2525/03/12 (J)
CHARTERED ACCOUNTANTS	PARTNER

Kuala Lumpur

Dated : 27 April 2010

Income Statements For The Financial Year Ended 31 December 2009

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

The accompanying notes form an integral part of the financial statements

Balance Sheets As At 31 December 2009

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

The accompanying notes form an integral part of the financial statements

Statements Of Chanages In Equity
For The Financial Year Ended 31 December 2009

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

The accompanying notes form an integral part of the financial statements

Statements Of Changes In Equity
For The Financial Year Ended 31 December 2009 (cont'd)

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

The accompanying notes form an integral part of the financial statements

Cash Flow Statements For The Financial Year Ended 31 December 2009

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

The accompanying notes form an integral part of the financial statements

Cash Flow Statements For The Financial Year Ended 31 December 2009 (cont'd)

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

The accompanying notes form an integral part of the financial statements

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

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

(ii) **Cash and cash equivalents**

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

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

Notes to the Financial Statements at 31 December 2009

1. Summary of significant accounting policies

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

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

FRS/Interpretations	Effective for annual periods beginning on or after
i. FRS which are relevant to the operations:	
FRS 3, Business Combination	1 July 2010
FRS 7, Financial Instrument : Disclosures	1 January 2010
FRS 101, Presentation of Financial Statements	1 January 2010
FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 139, Financial Instrument: Recognition and Measurement	1 January 2010
Amendment to FRS 5, Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendment to FRS 8, Operating Segments	1 January 2010
Amendment to FRS 107, Cash Flow Statements	1 January 2010
Amendment to FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendment to FRS 110, Events After the Balance Sheet Date	1 January 2010
Amendment to FRS 116, Property, Plant and Equipment	1 January 2010
Amendment to FRS 117, Leases	1 January 2010
Amendment to FRS 118, Revenue	1 January 2010
Amendment to FRS 119, Employee Benefits	1 January 2010
Amendment to FRS 131, Interests in Joint Ventures	1 January 2010
Amendment to FRS 132, Financial Instrument: Presentation	1 January 2010
Amendment to FRS 134, Interim Financial Reporting	1 January 2010
Amendment to FRS 136, Impairment of Assets	1 January 2010
Amendment to FRS 138, Intangible Assets	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2-Group and Treasury Share Transaction	1 January 2010
ii. FRS which are not relevant to the operations:	
FRS 4, Insurance Contracts	1 January 2010
Amendment to FRS 1, First-time Adoption of Financial Reporting Standards	1 January 2010
Amendment to FRS 2, Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
Amendment to FRS 120, Accounting for Government Grant and Disclosure of Government Assistance	1 January 2010

1. Summary of significant accounting policies (continued)

Amendment to FRS 128, Investment in Associates	1 January 2010
Amendment to FRS 129, Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendment to FRS 140, Investment Property	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 13: Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15: Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17: Distribution of Non-cash assets to Owners	1 July 2010

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

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

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

(a) **Basis of accounting**

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

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

i) *Depreciation of Property, Plant and Equipment*

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

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

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

Notes to the Financial Statements at 31 December 2009 (cont'd)

ii) *Allowance for Doubtful Debts of Receivables*

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

iii) Allowance for Inventories

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

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

iv) Fair Value Estimates for Certain Financial Assets and Liabilities

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

v) Deferred tax assets and liabilities

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

vi) Provision for liabilities

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

1. Summary of significant accounting policies (continued)

(b) **Basis of consolidation**

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

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

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

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

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

(c) **Revenue and income recognition**

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

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

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

(ii) ***Interest income***

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

Notes to the Financial Statements at 31 December 2009 (cont'd)

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

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

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

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

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

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

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

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

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

(e) **Prepaid lease payments**

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

(f) **Subsidiaries**

Subsidiaries are entities over which the Group and the Company have the ability to control over the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entities. In the Company's separate financial statements, investment in subsidiaries are stated at cost less impairment

1. Summary of significant accounting policies (continued)

losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in the income statement.

(g) **Jointly controlled entity**

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

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

(h) **Investment**

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

(i) **Inventories**

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

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

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

(j) **Receivables**

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

(k) **Cash and cash equivalents**

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

(l) **Payables**

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

Notes to the Financial Statements at 31 December 2009 (cont'd)

(m) **Tax expense**

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

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

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

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

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

(n) **Employee benefits expense**

(i) **Short-term benefits**

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

(ii) **Defined contribution plans**

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

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

1. Summary of significant accounting policies (continued)

(o) **Impairment**

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

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

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

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

(p) **Provisions**

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

(q) **Foreign currencies**

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

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

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

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

Notes to the Financial Statements at 31 December 2009 (cont'd)

(iii) ***Group companies***

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

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

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

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

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

(r) **Financial instruments**

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

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

(s) **Equity instrument**

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

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

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

(t) **Segment reporting**

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

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

2. Revenue

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

3. Employee benefits

(a) Staff costs

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

(b) Directors' remuneration

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

Notes to the Financial Statements at 31 December 2009 (cont'd)

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

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

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

4. Operating profits/(loss)

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Operating profit is arrived at after charging/(crediting):				
Auditors' remuneration	38,790	36,370	32,000	30,000
Allowance for doubtful debts	26,392	318,217	7,354,065	318,217
Allowance for doubtful debts no longer required	(90,473)	(29,449)	(90,473)	(29,449)
Amortisation of prepaid lease payment	7,390	7,390	7,390	7,390
Inventories written off	44,482	23,968	44,482	23,968
(Gain)/Loss on foreign exchange				
- realised	(17,487)	(50,266)	(17,487)	(50,155)
- unrealised	3,027	(3,532)	3,027	(3,532)
Property, plant and equipment written off	6,691	50,120	6,691	50,120
Provision for staff gratuity	52,032	701,248	52,032	701,248

4. Operating profits/(loss) (continued)

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Impairment loss of investment in jointly controlled entity	-	1,852,774	-	-
Reversal of impairment loss of investment in jointly controlled entity	(2,340,445)	-	-	-
Bad debts written off	-	3,252	-	3,252
Gain on disposal of property, plant and equipment	(4,752)	(5,821)	(4,752)	(5,821)
Interest income	(647,182)	(914,123)	(647,182)	(914,123)
Investment income	(124,863)	(154,230)	(124,863)	(154,230)

5. Tax expense

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

Notes to the Financial Statements at 31 December 2009 (cont'd)

5. Tax expense (continued)

Reconciliation of effective tax expense

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

6. Disposal group classified as discontinued operation

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

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

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

6. Disposal group classified as discontinued operation (continued)

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

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

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

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

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

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

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

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

Notes to the Financial Statements at 31 December 2009 (cont'd)

7. Basic average earnings per ordinary share

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

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

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

8. Dividends per ordinary share

Dividends recognised by the Company are:

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

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

9. Property, plant and equipment

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

Notes to the Financial Statements at 31 December 2009 (cont'd)

9. Property, plant and equipment (continued)

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

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

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

10. Prepaid lease payments

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

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

Notes to the Financial Statements at 31 December 2009 (cont'd)

11. Investment in subsidiaries

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

The details of the subsidiaries are as follows:

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

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

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

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

12. Investment in jointly controlled entity

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

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

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

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

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

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

Details of the jointly controlled entity are as follows:

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

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

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

13. Other investment

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

Notes to the Financial Statements at 31 December 2009 (cont'd)

14. Amount due from subsidiaries

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

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

15. Amount due from a jointly controlled entity

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

16. Inventories

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

17. Trade receivables

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

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

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

18. Non-trade receivables, deposits and prepayments

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

19. Cash and cash equivalents

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

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

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

20. Share capital

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

21. Treasury shares

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

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

Notes to the Financial Statements at 31 December 2009 (cont'd)

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

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

22. Reserves

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

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

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

23. Deferred tax liabilities

	Group and Company 2008 RM	2007 RM
At 1 January	1,467,349	1,003,633
Transferred from income statement (Note 5)	38,243	463,716
	1,505,592	1,467,349

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

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

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

Notes to the Financial Statements at 31 December 2009 (cont'd)

24. Provision for staff gratuity

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

25. Trade payables

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

26. Amounts due to Directors

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

27. Non-trade payables and accruals

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

28. Significant related party transaction

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

29. Segmental information

(a) *Business segments*

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

(b) *Geographical segments*

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

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

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

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

Notes to the Financial Statements at 31 December 2009 (cont'd)

30. Contingent liability - secured

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

31. Material litigation

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

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

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

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

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

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

32. Financial instruments

Financial risk management objectives and policies

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

Credit risk

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

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

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.

32. Financial instruments (continued)

Market risk

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

Foreign exchange risk

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

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

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

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

Liquidity risk

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

Fair values

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

Recognised financial instruments

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

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

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

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

Notes to the Financial Statements at 31 December 2009 (cont'd)

33. General information

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

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

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

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

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

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

List of the Properties as at 31 December 2009

Location/ Address	Description/ Existing Use	Land/ (Built-up) Area sq.m	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 **Address:** Lot 2 Jalan P/2A Kawasan MIEL Bangi Industrial Estate 43650 Bandar Baru Bangi 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	26 years old	3,741,872	3-5-1984

Analysis of Shareholdings as at 30 April 2010

SHAREHOLDERS

The company had 1281 shareholders as at 30 April 2010. There is only one class of share, namely ordinary share of RM 1.00 each. Each share entitles the holder to one vote.

ANALYSIS BY SIZE OF SHAREHOLDINGS
As at 30 April 2010

Size of Shareholdings	No. of Shareholders	No. of Share	% of Issued Share Capital
Less than 100	107	5,222	0.01
100 - 1,000	85	53,797	0.14
1,001 - 10,000	855	3,474,007	8.83
10,001 - 100,000	191	5,314,951	13.51
100,001 to less than 5% of issued shares	39	19,451,821	49.43
5% and above of issued shares	4	11,048,702	28.08
Total	**1,281**	**39,348,500**	**100.00**

SUBSTANTIAL SHAREHOLDERS
As at 30 April 2010

No.	Name of Shareholders	Direct Interest No. of Shares	Direct Interest %	Indirect Interest No. of Shares	Indirect Interest %
1.	Wong Chee Weng	3,526,000	8.96	-	-
2.	Tjin Kiat @ Tan Cheng Keat	3,100,178	7.88	-	-
3.	Lee Ng Mah @ Lee Wai Chan	2,383,090	6.06	-	-
4.	Chee Chin Tsai	2,039,434	5.18	-	-
5.	Dato' Law Sah Lim	10,029	0.03	5,125,671(a)	13.03
6.	Chee Sam Fatt	20,250	0.05	6,355,510(b)	16.15

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

DIRECTORS' SHAREHOLDINGS
As at 30 April 2010

No.	Name of Directors	Direct Interest No. of Shares	Direct Interest %	Indirect Interest No. of Shares	Indirect Interest %
1	Chee Sam Fatt	20,250	0.05	6,355,510 (a)	16.15
2	Tjin Kiat @ Tan Cheng Keat	3,100,178	7.88	-	-
3	Yeo Tek Ling	24,338	0.06	-	-
4	Dato' Haji Ghazali b. Mat Ariff	-	-	-	-
5	Dato' Law Sah Lim	10,029	0.03	5,125,671 (b)	13.03
6	Datuk Ismail bin Haji Ahmad	-	-	-	-
7	Mah Siew Seng	-	-	-	-
8	Eu Hock Seng	22,421	0.06	870,449 (c)	2.21
9	Ng Choo Tim	1,296,594	3.29	-	-

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

Analysis of Shareholdings as at 30 April 2010 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS
As at 30 April 2010

No.	Name of Shareholders	No. of Shares	%
1	Wong Chee Weng	3,526,000	8.96
2	Tjin Kiat @ Tan Cheng Keat	3,100,178	7.88
3	Lee Ng Mah @ Lee Wai Chan	2,383,090	6.06
4	Chee Chin Tsai	2,039,434	5.18
5	Chee Chin Hung	1,932,986	4.91
6	Ng Choo Tim	1,296,594	3.29
7	Amanahraya Trustees Berhad Skim Amanah Saham Bumiputra	1,281,775	3.26
8	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Siow Chung Peng	1,080,000	2.74
9	Lee Kim Mua @ Lim Kim Moi	1,033,252	2.63
10	Law Mong Hock	1,030,267	2.62
11	Liew Say Fah	900,000	2.29
12	Eu Chin Fen	870,449	2.21
13	Tan Kok Chiew	834,991	2.12
14	Tan Wooi Bee @ Nur Huda Tan	768,256	1.95
15	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Soh Hin	700,000	1.78

Analysis of Shareholdings as at 30 April 2010 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS
As at 30 April 2010 (cont'd)

No.	Name of Shareholders	No. of Shares	%
16	Law Geok King	688,188	1.75
17	Law Geok Beng	676,937	1.72
18	Law Ling Ling	661,948	1.68
19	Law Geok Eng	627,988	1.60
20	Tan Tjen Wan @ Tan Cheng Guan	553,931	1.41
21	Tan Wooi Hong	488,800	1.24
22	Tasek Maju Realty Sdn Bhd	450,000	1.14
23	Tan Foei Kia @ Tan Hooi Chia	337,431	0.86
24	Yap Ah Cheng	300,000	0.76
25	AllianceGroup Nominees (Asing) Sdn BHd Pledged Securities Account for Francis Chun Kwong Ip (8050877)	279,400	0.71
26	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Sleuths Holdings Sdn Bhd (01-00810-000)	250,000	0.64
27	Kho Sow Gan	223,750	0.57
28	Law Mong Yong	214,591	0.55
29	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sleuths Holdings Sdn Bhd (M12)	211,700	0.54
30	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Peter Ling Ee Kong (8055224)	202,600	0.51

PROXY FORM

ADVANCED PACKAGING TECHNOLOGY (M) BHD
(COMPANY NO. 82982-K)
(Incorporated in Malaysia)

No. of Shares held ____________

I/We, ______________________________ (NRIC/Company No.) ____________________
(Full Name in Block Letters)

of ____
(Address)

being a Member/Members of Advanced Packaging Technology (M) Bhd hereby appoint ____________________

______________________________ (NRIC) ____________________
(Full Name in Block Letters)

of ____
(Address)

or failing him/her ______________________________ (NRIC) ____________________
(Full Name in Block Letters)

of ____
(Address)

or failing whom, the Chairman of the meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Twenty-Eighth 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, 24 June 2010 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 Statutory Financial Statements for the year ended 31 December 2009 together with the Directors' and Auditors' Reports thereon.		
Resolution 2	To approve the payment of a final dividend of 7% gross per share, less 25% income tax, amounting to 5.25% net per share.		
Resolution 3	To approve the payment of Directors' Fees.		
Resolution 4	To re-elect Mr Ng Choo Tim as Director.		
Resolution 5	To re-elect Mr Yeo Tek Ling 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 Mr Tjin Kiat @ Tan Cheng Keat as Director.		
Resolution 10	To re-appoint Mr Eu Hock Seng as Director.		
Resolution 11	To re-appoint Messrs PKF as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Resolution 12	To approve the Proposed Amendments to the Articles of Association.		
Resolution 13	To approve the Proposed Renewal of Shareholders' Mandate for the Company to buy-back its own shares.		

(Please indicate with an 'X' in the appropriate spaces provided above on 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.)

The proposition of my holdings to be represented by my proxy/proxies are as follows:-*

First Name Proxy ____________ *%*
Second Name Proxy ____________ *%*
100%

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

*Strike out whichever is not desired.

Dated this …………… day of ……………………….. 2010

Signature

NOTES:

1. A member of the Company entitled to attend and vote at this meeting may appoint a maximum of two proxies to vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provisions of Section 149(b) of the Companies Act, 1965 shall not apply to the Company..
2. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (but not more than two) in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. 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.
4. The instrument appointing a proxy must be deposited at Ground Floor, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 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)
Ground Floor, Symphony House
Block D 13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
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Selangor Darul Ehsan

Fold Here