ADVANCED PACKAGING TECHNOLOGY (M) BHD.

(Co. No. 82982-K)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2016
(In Ringgit Malaysia)

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS	Chee Sam Fatt (Chairman) Tjin Kiat @ Tan Cheng Keat (Managing Director) Yeo Tek Ling (Finance Director) Dato' Haji Ghazali B. Mat Ariff Dato' Law Sah Lim Datuk Ismail bin Haji Ahmad Mah Siew Seng Eu Hock Seng Ng Choo Tim
SECRETARY	Leong Shiak Wan (MAICSA 7012855) Zuriati Binti Yaacob – appointed on 25.02.2016 (LS0009971)
AUDITORS	PKF AF 0911 Chartered Accountants
AUDIT COMMITTEE	Dato' Haji Ghazali B. Mat Ariff (Chairman) - Senior Independent Non-Executive Director Datuk Ismail bin Haji Ahmad - Independent Non-Executive Director Mah Siew Seng - Independent Non-Executive Director
REGISTERED OFFICE	Level 8, Symphony House Block D13, Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Tel: 03-7841 8000 Fax: 03-7841 8199
REGISTRAR & SHARE TRANSFER OFFICE	Symphony Share Registrars Sdn. Bhd. Level 6, Symphony House Block D13, Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Tel: 03-7841 8000 Fax: 03-7841 8008
PRINCIPAL BANKER	CIMB Bank Berhad
STOCK EXCHANGE LISTING	Main Market of Bursa Malaysia Securities Berhad

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

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 December 2016.

Principal activities

The Company is principally engaged in the manufacturing and distribution of flexible packaging materials.

There has been no significant change in the nature of these activities during the financial year.

Results

	RM
Profit for the financial year	2,880,543

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year other than those disclosed in the financial statements.

Dividends

In respect of the financial year ended 31 December 2015, the Company paid an interim 6% single tier tax exempt dividend totalling RM1,146,854 on 21 January 2016.

In respect of the financial year ended 31 December 2015, the Company paid a final 6% single tier tax exempt dividend totalling RM1,146,734 on 22 June 2016.

In respect of the financial year ended 31 December 2016, the Directors declared an interim 6% single tier tax exempt dividend totalling RM1,146,734 and that was paid on 19 January 2017.

The Directors recommend a final 6% single tier tax exempt dividend totalling RM1,146,734 subject to the shareholders' approval at the Company's forthcoming Annual General Meeting.

ADVANCED PACKAGING TECHNOLOGY (M) BHD.
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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 at the end of the financial year, as recorded in Register of Director's Shareholding kept under Section 134 of the Companies Act, 1965, in Malaysia are as follows:

	Number of Ordinary Shares of RM1.00 each			
	At 1.1.2016	**Bought**	**Sold**	**At 31.12.2016**
In the Company:				
Direct interest:				
Chee Sam Fatt	10,125	-	-	10,125
Tjin Kiat @ Tan Cheng Keat	1,565,900	-	-	1,565,900
Yeo Tek Ling	12,169	-	-	12,169
Eu Hock Seng	11,210	-	-	11,210
Ng Choo Tim	648,297	-	-	648,297
Deemed interest				
Chee Sam Fatt	3,209,755	-	-	3,209,755
Dato' Law Sah Lim	2,562,834	-	-	2,562,834
Eu Hock Seng	435,224	-	-	435,224

None of the other directors in office at 31 December 2016 had any interest in the Ordinary Shares of the Company during the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965 in Malaysia.

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 4 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 and at the end of the financial year, which had the object of enabling the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

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

There were no debentures issued during the financial year.

Options granted over unissued shares

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

Share buy-back

During the financial year, the Company repurchased 2,000 of its issued Ordinary Shares from the open market at an average price of RM2.32 per share. The total consideration paid for the repurchase including transaction costs was RM4,647.

As at 31 December 2016, the Company held 1,392,016 of its own shares ('APT Shares') as treasury shares out of its total issued and paid-up share capital of 20,504,250 ordinary shares. The treasury shares are held at a carrying amount of RM1,096,473 and further details are disclosed in Note 15 to the financial statements.

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

Other statutory information

Before the financial statements 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 no 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 necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate in the financial statements of the Company to any substantial extent; or

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

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities 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 Company misleading.

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

(i) any charge on the assets 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 Company that has arisen since the end of the financial year.

No contingent liability or other liability 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 Company to meet their obligations as and when they fall due except as disclosed in Note 24 to the financial statements.

In the opinion of the Directors, except as otherwise stated in the financial statements, the results of the operations of the Company for the financial year ended 31 December 2016 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.

ADVANCED PACKAGING TECHNOLOGY (M) BHD.
(Co. No. 62982-K)
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Other matters

On 31 August 2016, the Companies Bill 2015 received Royal Assent and was gazette as the Companies Act, 2016 in Malaysia ("CA 2016"). Subsequent to the Company's financial year end, the Registrar of the Companies Commission of Malaysia announced that CA 2016 would be implemented on a staggered basis with the first phase to be effective on 31 January 2017. With the enforcement on the first phase of the CA 2016, the Companies Act, 1965 in Malaysia ("CA 1965") is repealed. Notwithstanding the repeal of CA 1965, the transitional provisions under the CA 2016 stipulate that obligations in respect of the CA 1965 shall not be affected with the implementation of the CA 2016 but shall continue to remain in force. The Directors have hence prepared the Company's financial statements for the financial year ended 31 December 2016 in accordance with the provisions of CA 1965.

The CA 2016 introduces new statutory obligations that include, inter alia, single shareholder entity, setting up a company without a constitution, non-application of doctrine of constructive notice, no par value shares, solvency test, liberalization of financial assistance prohibition for company to purchase its own shares, continuing enhancement of directors' duties and governance responsibilities, annual general meetings for private companies can be dispensed with, provision for convening of a meeting of members at more than one venue by use of technology, proxy can be appointed without having qualifications, approval for directors remuneration, and share buyback regime amendments. The Board does not expect any material financial impact to the Company's financial statements from compliance with these new statutory obligations, and the Company shall comply with the CA 2016 and make the requisite disclosures at the appropriate time.

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

Selangor

10 APR 2017

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

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

In the opinion of the Directors, the accompanying financial statements as set out on pages 14 to 62 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia, so as to give a true and fair view of the financial position of the Company as at 31 December 2016 and of its financial performance and its cash flows for the financial year ended on that date.

The supplementary information as set out in Note 28 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

TJIN KIAT @ TAN CHENG KEAT

NG CHOO TIM

Selangor
10 APR 2017

STATUTORY DECLARATION PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965 IN MALAYSIA

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 as set out on pages 14 to 62 are in our opinion 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 in Selangor on 10 APR 2017)

TJIN KIAT @ TAN CHENG KEAT

YEO TEK LING

Before me,

COMMISSIONER FOR OATHS

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ADVANCED PACKAGING TECHNOLOGY (M) BHD., which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 62.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By- Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants ("IESBA Code")*, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Valuation of Defined Benefit Gratuity

The Company has recognised a provision for gratuity of RM2,272,847 as at 31 December 2016. As disclosed in Note 18 to the financial statements, the assumptions that underpin the valuation of the defined benefit retirement liability are subjective and based on judgements that affect the Company's distributable reserves. Uncertainty arises as a result of estimates made based on the Company's expectations and assumptions about employment trends and market conditions. As a result, the actual amounts charged to the statement of profit or loss by the Company may be significantly different to that recognised on the statement of financial position since small changes to the assumptions used in the calculation materially affect the provision calculated at amortised cost.

Our audit procedures included, among others: enquiry with management on the nature or bases of the assumptions made, review of employment contracts, assessment of the capabilities of personnel involved in the assessment, perform reasonableness test on the provision by testing management's assumptions, data and model used and review of historical data in relation to the management assumptions made in the current financial year.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Statement of Risk Management and Internal Control, Statement of Corporation Governance, Audit Committee Report, Corporate Social Responsibility Statement, Management Discussion and Analysis Report and Directors' Report included in the annual report, but does not include the Chairman's Statement, the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

PKF
Accountants & business advisers

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have compiled with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicate in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

On 31 August 2016, the Companies Bill 2015 received Royal Assent and was gazetted as the Companies Act, 2016 in Malaysia. The Registrar of the Companies Commission of Malaysia subsequently announced that the Companies Act, 2016 in Malaysia would be implemented on a staggered basis with the first phase to be effective on 31 January 2017. With the enforcement of its first phase, the Companies Act, 1965 in Malaysia is repealed. Notwithstanding this repeal, the transitional provisions under the Companies Act, 2016 in Malaysia stipulate that obligations in respect of the Companies Act, 1965 in Malaysia shall not be affected with the implementation of the Companies Act, 2016 in Malaysia, but shall continue to remain in force.

As such, in accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

ADVANCED PACKAGING TECHNOLOGY (M) BHD.
(Co. No. 82982-K)
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Other Reporting Responsibilities

The supplementary information set out in Note 28 to the financial statements is disclosed as required by the Bursa Malaysia Securities Berhad listing requirements and is not required by the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance"). In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

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

PKF AF 0911 CHARTERED ACCOUNTANTS	BRIAN WONG WYE PONG 2610/04/17(J) CHARTERED ACCOUNTANT

Kuala Lumpur

1 0 APR 2017

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM	2015 RM
Revenue	3	27,154,095	26,024,191
Other income		658,211	485,547
Changes in inventories of finished goods and work-in-progress		(127,355)	(66,193)
Raw materials used		(15,734,201)	(14,900,198)
Employee benefits expense	4	(4,002,525)	(3,707,322)
Depreciation		(1,245,251)	(1,227,747)
Other expenses		(3,464,631)	(3,349,818)
Profit from operations		3,238,343	3,258,460
Interest income		382,680	370,303
Profit before tax	5	3,621,023	3,628,763
Tax expense	6	(740,480)	(838,548)
Profit and other comprehensive income for the financial year		2,880,543	2,790,215
Total comprehensive income attributable to owners of the Company		2,880,543	2,790,215
Basic earnings per ordinary share (sen)	7	15.07	14.60

ADVANCED PACKAGING TECHNOLOGY (M) BHD.
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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016 RM	2015 RM
ASSETS			
Non-current assets			
Property, plant and equipment	8	8,226,006	9,078,501
Other investment	9	5,000,000	5,000,000
		13,226,006	14,078,501
Current assets			
Inventories	10	4,750,358	4,158,691
Trade receivables	11	6,101,300	5,543,153
Non-trade receivables, deposits and prepayments	12	1,424,249	175,798
Fixed deposits with licensed banks	13	10,000,000	10,000,000
Cash and bank balances		3,814,257	3,072,253
		26,090,164	22,949,895
TOTAL ASSETS		39,316,170	37,028,396
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	14	20,504,250	20,504,250
Treasury shares	15	(1,096,473)	(1,091,826)
Reserves	16	11,874,606	11,287,531
TOTAL EQUITY		31,282,383	30,699,955
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	17	610,843	891,473
Provision for staff gratuity	18	2,272,847	2,161,080
		2,883,690	3,052,553
Current liabilities			
Trade payables	19	2,398,037	684,933
Non-trade payables and accruals	20	1,211,127	1,058,512
Amount due to directors	21	237,600	237,600
Dividend payable	22	1,146,734	1,146,854
Tax payable		156,599	147,989
		5,150,097	3,275,888
TOTAL LIABILITIES		8,033,787	6,328,441
TOTAL EQUITY AND LIABILITIES		39,316,170	37,028,396

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

ADVANCED PACKAGING TECHNOLOGY (M) BHD.
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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Non-distributable Share capital RM	 Treasury shares RM	Distributable Retained profits RM	 Total RM
At 1 January 2015		20,504,250	(1,083,395)	10,791,144	30,211,999
Profit and other comprehensive income for the financial year		-	-	2,790,215	2,790,215
Purchase of treasury shares		-	(8,431)	-	(8,431)
Dividends	22	-	-	(2,293,828)	(2,293,828)
At 31 December 2015		20,504,250	(1,091,826)	11,287,531	30,699,955
Profit and other comprehensive income		-	-	2,880,543	2,880,543
Purchase of treasury shares		-	(4,647)	-	(4,647)
Dividends	22	-	-	(2,293,468)	(2,293,468)
At 31 December 2016		20,504,250	(1,096,473)	11,874,606	31,282,383

ADVANCED PACKAGING TECHNOLOGY (M) BHD.
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 RM	2015 RM
Cash flows from operating activities		
Profit before tax	3,621,023	3,628,763
Adjustments for:		
Bad debts written off	54,073	-
Depreciation	1,245,251	1,227,747
Impairment loss on trade receivables	-	112,833
Interest income (Note 5)	(382,680)	(370,303)
Inventories written off	32,293	76,661
Inventories written down	2,366	20,462
Reversal of inventories written down	(46,351)	(19,969)
Reversal of impairment loss on trade receivables no longer required	(93,473)	(66,095)
Investment income	(158,281)	(155,391)
Gain on disposal of property, plant and equipment	(9,997)	(5,470)
(Gain)/loss on unrealised foreign exchange	(15,310)	827
Property, plant and equipment written off	10,153	6
Provision for staff gratuity	214,358	102,851
(Reversal)/Amortised cost of provision for gratuity	(74,462)	211,243
Operating profit before working capital changes	4,398,963	4,764,165
(Increase)/Decrease in inventories	(579,975)	340,591
Decrease in receivables	(1,751,888)	(242,844)
Increase in amount due to directors	-	21,600
Increase/(Decrease) in payables	1,837,590	(997,663)
Cash generated from operations	3,904,690	3,885,849
Income tax paid	(1,012,500)	(1,062,672)
Net cash from operating activities	2,892,190	2,823,177

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (continued)

	2016 RM	2015 RM
Cash flows from investing activities		
Investment income received	158,281	155,391
Interest income received	382,680	370,303
Proceeds from disposal of property, plant and equipment	10,000	5,472
Acquisition of property, plant and equipment	(402,912)	(805,536)
Net cash from/(used in) investing activities	148,049	(274,370)
Cash flows from financing activities		
Dividends paid	(2,293,588)	(1,911,703)
Purchase of treasury shares	(4,647)	(8,431)
Net cash used in financing activities	(2,298,235)	(1,920,134)
Net increase in cash and cash equivalents	742,004	628,673
Cash and cash equivalents at 1 January	9,572,253	8,943,580
Cash and cash equivalents at 31 December	10,314,257	9,572,253

Cash and cash equivalents

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

	2016 RM	2015 RM
Cash and bank balances	3,814,257	3,072,253
Fixed deposits with licensed banks with original maturities less than 3 months *(Note 13)*	6,500,000	6,500,000
	10,314,257	9,572,253

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

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

1. Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The accompanying financial statements have been prepared assuming that the Company will continue as going concern which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

(a) Standards issued and effective

On 1 January 2016, the Company has also adopted the following new and amended MFRS and IC Interpretations which are mandatory for annual financial periods beginning on or after 1 January 2016.

Description	**Effective for annual periods beginning on or after**
• Annual improvements to MFRSs 2012 – 2014 cycle	
- MFRS 5, Non-Current Assets Held for Sales and Discontinued Operations	1 January 2016
- MFRS 7, Financial Instruments: Disclosures	1 January 2016
- MFRS 119, Employee Benefits	1 January 2016
- MFRS 134, Interim Financial Reporting	1 January 2016
• MFRS 14, Regulator Deferral Accounts	1 January 2016
• Amendments to MFRS 11 Joint Arrangements: Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
• Amendments to MFRS 101 Presentation of Financial Statements: Disclosure Initiative	1 January 2016
• Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
• Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture: Bearer Plants	1 January 2016
• Amendments to MFRS 127 Consolidated and Separate Financial Statements: Equity Method in Separate Financial Statements	1 January 2016
• Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investment in Associates and Joint ventures: Investment Entities – Applying the Consolidation Exception	1 January 2016
• Amendment to MFRS 138 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016

1. Basis of preparation (continued)

(a) Standards issued and effective (continued)

The Directors expect that the adoption of the new and amended MFRSs and IC Interpretations above will have no material impact on the financial statements in the period of initial application.

(b) Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
• MFRS 9, Financial Instruments	1 January 2018
• MFRS 15, Revenue from Contract with Customers	1 January 2018
• MFRS 16, Leases	1 January 2019
• Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates: Sale or Contribution of Assets between an investor and its Associate or Joint Venture	Deferred
• Amendments to MFRS 107, Disclosure Initiative	1 January 2017
• Amendments to MFRS 112, Recognition of Deferred Tax Assets for unrealised losses	1 January 2017

The initial application of the above mentioned accounting standards, amendments or interpretations are not expected to have any material impact to the financial statements of the Company except as mentioned below:

MRFS 15 Revenue from Contracts with Customers

MRFS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Company is currently assessing the financial impact of adopting MFRS 15.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

1. Basis of preparation (continued)

(b) Standards issued but not yet effective (continued)

MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is expected that the Company's investment in unquoted shares will be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy. The Company is currently assessing the financial impact of adopting MFRS 9.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(d) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Company'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) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

1. Basis of preparation (continued)

(d) Critical accounting estimates and judgements (continued)

(ii) 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 Company anticipates that the residual values of its property, 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.

(iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) 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.

(v) Fair Value Estimates for Certain Financial Assets and Liabilities

The Company carries certain financial assets and liabilities at fair value, which requires 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 Company uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

1. Basis of preparation (continued)

(d) Critical accounting estimates and judgements (continued)

(vi) Impairment of Trade and Non-trade Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vii) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease.

Accordingly, management judged that the Company has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(viii) 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 reporting date. While management’s estimates on the realisation and settlement of temporary differences are based on the available information at the reporting 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 profit or loss in the period in which actual realisation and settlement occurs.

1. Basis of preparation (continued)

(d) Critical accounting estimates and judgements (continued)

(ix) Provision for staff gratuity

The present value of the retirement gratuities is determined by discounting the amount payable by reference to market yields at the date of the statement of financial position on high quality corporate bonds which have terms to maturity approximating the terms of the related liability. Past service costs are recognised immediately in profit or loss.

2. Summary of significant accounting policies

(a) Foreign currencies

(i) Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

Transactions in foreign currencies are measured in the respective functional currencies of the Company and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

(ii) Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity.

2. Summary of significant accounting policies (continued)

(a) Foreign currencies (continued)

(ii) Foreign currency transactions (continued)

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The principal exchange rates for every unit of foreign currency ruling used at reporting date are as follows:

	2016 RM	2015 RM
1 United States Dollar	4.427	4.292
1 Brunei Dollar	3.054	3.036
100 Japanese Yen	3.790	-

(b) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(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 rebates.

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

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration.

(ii) Interest income

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

2. Summary of significant accounting policies (continued)

(c) Employee benefits expense

(i) *Short term benefits*

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

(ii) *Defined contribution plans*

The Company's contribution to defined contribution plans is charged to the profit or loss in the period to which they related. Once the contributions have been paid, the Company has no further liability in respect of the defined contribution plans.

(iii) *Defined benefit plans*

The Company's staff gratuity schemes are for employees who are eligible under their employment contracts. Gratuity for employees is provided for in the financial statements with consideration to the length of service and basic salary earnings of eligible employees and charged to the statement of profit or loss.

(d) Borrowing costs

Borrowings are stated at cost with any difference between cost and redemption value being recognised in the profit or loss over the period of the loans and borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2. Summary of significant accounting policies (continued)

(e) Tax expense

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

2. Summary of significant accounting policies (continued)

(e) Tax expense (continued)

(ii) Deferred tax (continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(f) Impairment

(i) Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and non-trade receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (continued)

(f) Impairment (continued)

(i) Impairment of financial assets (continued)

Trade and non-trade receivables and other financial assets carried at amortised cost (continued)

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

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

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

(ii) Impairment of non-financial assets

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2. Summary of significant accounting policies (continued)

(f) Impairment (continued)

(ii) Impairment of non-financial assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously.

Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(g) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

2. Summary of significant accounting policies (continued)

(g) Property, plant and equipment (continued)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	1%
Building	2% - 10%
Plant, machinery and tools	7½% - 10%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(h) Financial assets

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

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

The Company determines the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

2. Summary of significant accounting policies (continued)

(h) Financial assets (continued)

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss.

Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

2. Summary of significant accounting policies (continued)

(h) Financial assets (continued)

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (continued)

(h) Financial assets (continued)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

(i) Inventories

Inventories, comprising of 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 include the cost of raw materials, direct labour and an appropriate proportion of the fixed and variable production overheads.

(j) Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and on hand, demand deposits, short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in management of their short-term commitments. These also include bank overdrafts that form an integral part of the Company’s cash management.

2. Summary of significant accounting policies (continued)

(k) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(l) Financial liabilities

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

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities measured at amortised cost.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Company has not designated any financial liabilities as at fair value through profit or loss.

2. Summary of significant accounting policies (continued)

(l) Financial liabilities (continued)

(ii) Other financial liabilities measured at amortised cost

The Company's other financial liabilities include trade payables and non-trade payables.

Trade and non-trade payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

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

(m) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

(n) Provisions

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

2. Summary of significant accounting policies (continued)

(o) Earnings per ordinary share

The Company presents basic and diluted earnings per share data for its ordinary shares (''EPS'').

Basic EPS is calculated by diving the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all diluted potential ordinary shares, which comprises convertible notes and share granted to employees.

(p) Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

Where it is not possible that there is an inflow of economic benefits, or the account cannot be estimated reliably, the asset is not recognised in the statements of financial position and it is disclosed as contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

2. Summary of significant accounting policies (continued)

(q) Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(r) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. Revenue

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

4. Employee benefits expense

		2016 RM	2015 RM
(a)	Staff costs		
	Salaries, wages, allowances, bonus and overtime	2,319,257	2,232,812
	Contributions to defined contribution plan	246,583	232,096
	Social security contributions	27,216	24,365
	Other benefits	359,840	235,939
		2,952,896	2,725,212
(b)	Directors' remuneration		
	Executive:		
	Salaries and other emoluments	606,894	556,319
	Contribution to defined contribution plan	131,105	119,571
	Social security contributions	1,030	620
	Fees	52,800	52,800
	Other benefits - leave passage	18,000	18,000
	Estimated money value of benefits-in-kind	32,750	32,750
		842,579	780,060

ADVANCED PACKAGING TECHNOLOGY (M) BHD.
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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

4. Employee benefits expense (continued)

	2016 RM	2015 RM
(b) Directors' remuneration (continued)		
Non-executive:		
Allowances	55,000	50,000
Fees	184,800	184,800
	239,800	234,800
Total Directors' remuneration	1,082,379	1,014,860
Total Directors' remuneration excluding benefits-in-kind	1,049,629	982,110
Total staff costs	4,002,525	3,707,322

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

	Number of Directors	
	2016 RM	2015 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 Company as at the end of the financial year was 82 (2015: 81).

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5. Profit before tax

	2016 RM	2015 RM
Profit before tax is arrived at after charging/(crediting):		
Auditors' remuneration		
- Statutory audit	33,000	30,000
- Other services	7,000	7,000
(Reversal)/Amortised cost of provision for gratuity	(74,462)	211,243
Bad debts written off	54,073	-
Depreciation	1,245,251	1,227,747
(Gain)/Loss on foreign exchange		
- realised	(103,346)	(33,426)
- unrealised	(15,310)	827
Gain on disposal of property, plant and equipment	(9,997)	(5,470)
Impairment loss on trade receivables	-	112,833
Interest income		
- Interest income received from deposits placed with licensed banks	(275,017)	(258,730)
- Fixed return received from deposits placed with Islamic bank	(107,663)	(111,573)
Inventories written off	32,293	76,661
Inventories written down	2,366	20,462
Investment income	(158,281)	(155,391)
Reversal of inventories written down	(46,351)	(19,969)
Reversal of impairment loss on trade receivables no longer required	(93,473)	(66,095)
Property, plant and equipment written off	10,153	6
Provision for staff gratuity	214,358	102,851
Utilisation of provision for staff gratuity	(28,129)	(11,977)

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6. Tax expense

	2016 RM	2015 RM
Current tax expense		
- current year	1,055,883	1,122,988
- over provision in prior years	(34,773)	(9,299)
	1,021,110	1,113,689
Deferred tax expense (Note 17)		
- current year	(175,993)	(148,518)
- over provision in prior years	(71,852)	(126,623)
- Effect on tax changes	(32,785)	-
	(280,630)	(275,141)
	740,480	838,548

Reconciliation of effective tax expense

	2016 RM	2015 RM
Profit before tax	3,621,023	3,628,763
Taxation computed at statutory tax rate of 24% (2015: 25%)	869,046	907,191
Non-deductible expenses	82,556	123,495
Non-taxable income	(62,610)	(55,371)
Double deduction	(9,102)	(845)
Effect on tax changes	(32,785)	-
	847,105	974,470
Over provision of current tax in prior year	(34,773)	(9,299)
Over provision of deferred tax in prior year	(71,852)	(126,623)
	740,480	838,548

7. Earnings per ordinary share

Basic earnings per ordinary share for the financial year is calculated by dividing the comprehensive income for the financial year attributable to owners 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:

	2016	**2015**
Total comprehensive income attributable to owners of the Company (RM)	2,880,543	2,790,215
Weighted average number of ordinary shares in issue, net of treasury shares	19,112,567	19,115,901
Basic earnings per share (sen)	15.07	14.60

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

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8. Property, plant and equipment

2016	**Leasehold land RM**	**Building RM**	**Plant, machinery and tools RM**	**Furniture, fittings and equipment RM**	**Motor vehicles RM**	**Total RM**
Cost						
At 1 January	739,000	5,308,993	28,546,806	622,266	1,152,409	36,369,474
Additions	-	18,550	258,761	120,083	5,518	402,912
Disposals	-	-	-	-	(96,555)	(96,555)
Written off	-	-	(48,959)	(4,768)	-	(53,727)
At 31 December	739,000	5,327,543	28,756,608	737,581	1,061,372	36,622,104
Accumulated depreciation						
At 1 January	227,305	2,620,784	23,435,353	440,255	567,276	27,290,973
Charge for the financial year	7,390	125,016	856,378	61,346	195,121	1,245,251
Disposals	-	-	-	-	(96,552)	(96,552)
Written off	-	-	(38,809)	(4,765)	-	(43,574)
At 31 December	234,695	2,745,800	24,252,922	496,836	665,845	28,396,098
Carrying value						
At 31 December	504,305	2,581,743	4,503,686	240,745	395,527	8,226,006

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

8. Property, plant and equipment (continued)

2015	Leasehold land RM	Building RM	Plant, machinery and tools RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
Cost						
At 1 January	739,000	5,308,993	28,095,758	529,942	1,088,467	35,762,160
Additions	-	-	597,099	96,010	112,427	805,536
Disposals	-	-	-	-	(48,485)	(48,485)
Written off	-	-	(146,051)	(3,686)	-	(149,737)
At 31 December	739,000	5,308,993	28,546,806	622,266	1,152,409	36,369,474
Accumulated depreciation						
At 1 January	219,915	2,496,232	22,708,729	394,210	442,354	26,261,440
Charge for the financial year	7,390	124,552	872,674	49,726	173,405	1,227,747
Disposals	-	-	-	-	(48,483)	(48,483)
Written off	-	-	(146,049)	(3,682)	-	(149,731)
At 31 December	227,305	2,620,784	23,435,354	440,254	567,276	27,290,973
Carrying value						
At 31 December	511,695	2,688,209	5,111,452	182,012	585,133	9,078,501

8. Property, plant and equipment (continued)

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

	2016 RM	2015 RM
At cost:		
Building	115,433	115,433
Plant, machinery and tools	18,270,872	18,062,695
Furniture, fittings and equipment	267,407	629,653
Motor vehicles	85,770	182,326
	18,739,482	18,990,107

9. Other investment

Available for sale financial assets

Other investment represents investments in Fixed Income Fund Account with Aminvestment Services Berhad and is classified as available-for-sale financial assets.

This investment as at 31 December 2016 had interest rates ranging from 3.05% to 3.28% (2015: 2.89% to 3.37%) per annum.

As at the reporting date, the fair value of this investment is equivalent to its carrying value.

10. Inventories

At cost:	2016 RM	2015 RM
Raw materials	3,627,253	2,986,607
Work in-progress	369,060	318,246
Finished goods	484,878	663,047
Consumables	166,099	189,702
Goods in-transit	103,068	1,089
	4,750,358	4,158,691
Recognised in profit or loss		
Inventories recognised as cost of production	15,622,068	14,863,664
Write-down to net realisable value	2,366	20,462
Reversal of inventories written down	(46,351)	(19,969)
Inventories written off	32,293	76,661

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

11. Trade receivables

	2016 RM	2015 RM
Trade receivables	6,101,300	5,636,626
Less: Impairment	-	(93,473)
	6,101,300	5,543,153

The movement in impairment of trade receivables was as follows:

	2016 RM	2015 RM
Impairment:		
At 1 January	93,473	46,735
Additions	-	112,833
Reversal of impairment loss	(93,473)	(66,095)
At 31 December	-	93,473

The Company's normal trade credit term ranges from 30 to 90 days (2015: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. The trade receivables are non-interest bearing and recognised at their original invoice amounts which represent their fair values on initial recognition.

12. Non-trade receivables, deposits and prepayments

	2016 RM	2015 RM
Non-trade receivables	177,327	167,458
Deposits	18,040	18,040
Prepayments	1,267,807	30,506
Others	98,393	97,112
	1,561,567	313,116
Less: Impairment	(137,318)	(137,318)
	1,424,249	175,798

12. Non-trade receivables, deposits and prepayments (continued)

Included in non-trade receivables of the Company are:

(i) Staff loans of RM40,008 (2015: RM30,140) which bear interest at 4% (2015: 4%) per annum.

(ii) Outstanding amount transferred from amount due from jointly controlled entity amounting to RM137,318 upon disposal of Advanced Packaging Investments (H.K.) Limited ("the subsidiary") by the Company. The amount has been fully impaired in the previous financial years.

13. Fixed deposits with licensed banks

	2016 RM	2015 RM
Deposits placed with licensed banks	6,500,000	6,500,000
Deposits placed with Islamic bank	3,500,000	3,500,000
	10,000,000	10,000,000

	2016 RM	2015 RM
Maturities less than 3 months	6,500,000	6,500,000
Maturities more than 3 months	3,500,000	3,500,000
	10,000,000	10,000,000

The deposits as at 31 December 2016 bore interest at rates ranging from 2.95% to 4.30% (2015: 3.65% to 4.00%) per annum.

Deposits placed with licensed banks have maturity periods ranging from 30 days to 365 days (2015: 30 days to 365 days).

14. Share capital

	2016 Number of Ordinary Shares	2015	2016 RM	2015 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	20,504,250	20,504,250	20,504,250	20,504,250

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

15. Treasury shares

	2016	2015	2016	2015
	Number of Ordinary Shares		RM	RM
At 1 January	1,390,016	1,386,016	1,091,826	1,083,395
Shares purchased during the financial year	2,000	4,000	4,647	8,431
At 31 December	1,392,016	1,390,016	1,096,473	1,091,826

(i) As at 31 December 2016, the number of outstanding Ordinary Shares in issue after deducting the treasury shares was 19,112,234 (2015: 19,114,234).

(ii) During the financial year, the Company repurchased a total of 2,000 (2015: 4,000) Ordinary Shares of its issued Ordinary Shares from the open market on Bursa Malaysia for RM4,647 (2015: RM8,431). The average price paid for the shares repurchased was approximately RM2.32 (2015: RM2.11) 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 subsection 3 (A)(b) of Companies Act, 1965 in Malaysia. 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 had been sold or cancelled as at 31 December 2016.

16. Reserves

	2016 RM	2015 RM
Distributable:		
Retained profits	11,874,606	11,287,531

Under the single tier system introduced by the Finance Act 2007 which came into effect from the year of assessment 2008, dividends paid under this system are tax exempt in the hands of shareholders. As such, the whole retained profits can be distributed to shareholders as tax exempt dividends.

17. Deferred tax liabilities

	2016 RM	2015 RM
At 1 January	891,473	1,166,614
Transferred to profit or loss (Note 6)	(280,630)	(275,141)
At 31 December	610,843	891,473

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

17. Deferred tax liabilities (continued)

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

	Property, plant and equipment
Deferred tax liabilities of the Company:	
At 1 January 2016	1,395,618
Recognised in statements of profit or loss	(246,157)
At 31 December 2016	1,149,461
At 1 January 2015	1,647,240
Recognised in statements of profit or loss	(251,622)
At 31 December 2015	1,395,618

	Provision RM
Deferred tax assets of the Company:	
At 1 January 2016	504,145
Recognised in statements of profit or loss	34,473
At 31 December 2016	538,618
At 1 January 2015	480,626
Recognised in statements of profit or loss	23,519
At 31 December 2015	504,145

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18. Provision for staff gratuity

	2016 RM	2015 RM
At 1 January	1,949,837	1,858,963
Provision during the financial year	214,358	102,851
Utilisation	(28,129)	(11,977)
	2,136,066	1,949,837
Add: Amortised cost		
Balance	211,243	-
Additional	-	211,243
Reversal	(74,462)	-
	136,781	211,243
At 31 December	2,272,847	2,161,080

The discounted rates applied in the computation of the present value of retirement gratuities ranged from 3.20% to 4.81% (2015: 3.16% to 4.44%) per annum.

19. Trade payables

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

20. Non-trade payables and accruals

	2016 RM	2015 RM
Non-trade payables	326,148	258,719
Accruals	884,979	799,793
	1,211,127	1,058,512

21. Amount due to directors

Amount due to directors represent fees and are unsecured, interest-free and normally settled within one (1) year.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

22. Dividends

Dividends recognised by the Company are:

	In respect of financial year	Gross dividend per share Sen	Amount of dividend RM	Date of payment
2015				
Final single tier tax exempt dividend	2014	6.00	1,146,974	22 July 2015
Interim single tier tax exempt dividend	2015	6.00	1,146,854	21 January 2016
			2,293,828	
2016				
Final single tier tax exempt dividend	2015	6.00	1,146,734	22 June 2016
Interim single tier tax exempt dividend	2016	6.00	1,146,734	19 January 2017
			2,293,468	

The Directors recommend a final 6% single tier tax exempt dividend totalling RM1,146,734 subject to the shareholders' approval at the Company's forthcoming Annual General Meeting, and which is further subject to the Company's compliance with all applicable laws and regulations concerning dividends. These financial statements do not reflect this final dividend which will only be accrued as a liability when approved by shareholders.

23. Segmental information

The Company is principally engaged in the manufacturing and distribution of flexible packaging materials in Malaysia. There is no other business component that is an operating segment with a distinct allocation of resources. As such, there are no separate reportable segments and segmental reporting.

Major customers

Revenue from three major customers arising from sale of flexible packaging materials are RM7,539,718 (2015: RM7,065,140), RM3,275,139 (2015: RM3,244,302) and RM2,971,733 (2015: RM2,272,037) respectively.

24. Contingent liability

	2016 RM	2015 RM
Bank guarantee given by financial institution to third party	211,152	232,260
Documentary credit	22,247	554,939

25. Capital commitments

Capital commitments as at the reporting date are as follows:

	2016 RM	2015 RM
Approved and contracted for:		
Purchase of property, plant and equipment	2,974,944	-

26. Financial instruments

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables
(b) Available-for-sale financial assets
(c) Other financial liabilities measured at amortised cost

	Carrying amount RM	Loans and receivables RM	Available for sale financial assets RM	Other financial liabilities measured at amortised cost RM
2016				
Financial assets				
Other investment	5,000,000	-	5,000,000	-
Trade receivables	6,101,300	6,101,300	-	-
Non-trade receivables and deposits (excluding prepayments)	156,442	156,442	-	-
Fixed deposits with licensed banks	10,000,000	10,000,000	-	-
Cash and cash equivalents	3,814,257	3,814,257	-	-
	25,071,999	20,071,999	5,000,000	-
Financial liabilities				
Trade payables	2,398,037	-	-	2,398,037
Non-trade payables and accruals	1,211,127	-	-	1,211,127
Amount due to directors	237,600	-	-	237,600
Provision for gratuity	2,272,847	-	-	2,272,847
Dividend payable	1,146,734	-	-	1,146,734
	7,266,345	-	-	7,266,345

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26. Financial instruments (continued)

Categories of financial instruments (continued)

	Carrying amount RM	Loans and receivables RM	Available for sale financial assets RM	Other financial liabilities measured at amortised cost RM
2015				
Financial assets				
Other investment	5,000,000	-	5,000,000	-
Trade receivables	5,543,153	5,543,153	-	-
Non-trade receivables and deposits (excluding prepayments)	145,292	145,292	-	-
Fixed deposits with licensed banks	10,000,000	10,000,000	-	-
Cash and cash equivalents	3,072,253	3,072,253	-	-
	23,760,698	18,760,698	5,000,000	-
Financial liabilities				
Trade payables	684,933	-	-	684,933
Non-trade payables and accruals	1,058,512	-	-	1,058,512
Amount due to directors	237,600	-	-	237,600
Provision for gratuity	2,161,080			2,161,080
Dividend payable	1,146,854	-	-	1,146,854
	5,288,979	-	-	5,288,979

26. Financial instruments (continued)

Net gains and losses arising from financial instruments

	2016 RM	2015 RM
Net gains/(losses) arising on:		
Loan and receivables		
Bad debts written off	(54,073)	-
Impairment loss on trade receivables	-	(112,833)
Interest income	382,680	370,303
Reversal of impairment loss on trade receivables no longer required	93,473	66,095
Realised gain on foreign exchange	30,626	74,721
Unrealised gain/(loss) on foreign exchange	15,897	(864)
Available for sales financial assets		
Investment income	158,281	155,391
Other liabilities		
Reversal/(Amortised) cost of provision for gratuity	74,462	(211,243)
Realised gain/(loss) on foreign exchange	72,720	(41,295)
Unrealised (loss)/gain on foreign exchange	(587)	37
Provision for staff gratuity	(214,358)	(102,851)
	559,121	197,461

Financial risk management objectives and policies

The Company is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, market risk, foreign currency risk and liquidity risk.

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its credit risk, interest rate risk, market risk, foreign currency risk and liquidity risk.

The following sections provide details regarding the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

26. Financial instruments (continued)

Credit risk

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Company manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and non-trade receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that might have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

<u>Credit risk concentration profile</u>

The Company's major concentration of credit risk relates to the amounts owing by 8 major customers which constituted approximately 77% of its trade receivables as at the end of the reporting period.

<u>Exposure to credit risk</u>

As the Company does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:

	2016 RM	2015 RM
Malaysia	5,771,748	5,283,361
Mauritius	271,539	259,792
Hong Kong	49,379	-
Brunei	8,634	-
	6,101,300	5,543,153

26. Financial instruments (continued)

Credit risk (continued)

Ageing analysis

The ageing analysis of the Company's trade receivables is as follows:

	Gross Amount RM	Individual Impairment RM	Carrying Value RM
2016			
Not past due :	5,944,148	-	5,944,148
Past due:			
- less than 3 months	157,152	-	157,152
	6,101,300	-	6,101,300
2015			
Not past due :	5,188,774	-	5,188,774
Past due:			
- less than 3 months	447,852	(93,473)	354,379
	5,636,626	(93,473)	5,543,153

The Directors have assessed the recoverability of trade receivable and are of the view that collective impairment is not required as at the year end.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Trade receivables that are past due but not impaired

The Company believes that no impairment allowance is necessary in respect of these trade receivables. They are companies which have substantially good collection track record and no recent history of default.

26. Financial instruments (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's financial position or cash flows.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises mainly from interest-earning financial assets and liabilities. The Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Company will be placed with licensed financial institutions to generate interest income.

The Company primary interest rate risk relates to interest earning from fixed deposits with licensed banks and other investment.

	2016 **RM**	**2015** **RM**
Fixed deposits with licensed banks	10,000,000	10,000,000
Other investment	5,000,000	5,000,000
	15,000,000	15,000,000

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	2016 **Increase /** **(Decrease)** **RM**	**2015** **Increase /** **(Decrease)** **RM**
Effects on profit after taxation		
Increase of 10 basis points	11,400	11,250
Decrease of 10 basis points	(11,400)	(11,250)

Foreign currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is US Dollar ("USD"), Brunei Dollar ("BND") and Japanese Yen ("JPY"). The exposure of foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

26. Financial instruments (continued)

Foreign currency risk (continued)

The Company's exposure to foreign currency is as follows:

2016	**United States Dollar RM**	**Brunei Dollar RM**	**Japanese Yen RM**	**Total RM**
Financial assets				
Trade receivables	320,918	8,634	-	329,552
Financial liability				
Trade payable	119,771	-	-	119,771
Non-trade payables and accruals	-	-	7,673	7,673
Net currency exposure	201,147	8,634	(7,673)	202,108
2015				
Financial assets				
Trade receivables	259,792	-	-	259,792
Financial liability				
Non-trade payables and accruals	173,716	5,100	-	178,816
Net currency exposure	86,076	(5,100)	-	80,976

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:

	2016 %	**2015** %	**2016 RM Increase/ (Decrease)**	**2015 RM Increase/ (Decrease)**
Effect on profit after tax				
USD / RM				
Strengthened by	5.00	5.00	7,644	3,228
Weakened by	5.00	5.00	(7,644)	(3,228)
BND / RM				
Strengthened by	5.00	5.00	329	(192)
Weakened by	5.00	5.00	(329)	192
JPY / RM				
Strengthened by	5.00	5.00	(292)	-
Weakened by	5.00	5.00	292	-

26. Financial instruments (continued)

Liquidity risk

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

Maturity analysis

The table below summarises the maturity profile of the Company financial liabilities as at the reporting period based on undiscounted contractual payments.

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year RM
2016				
Trade payables	2,398,037	2,398,037	2,398,037	-
Non-trade payables and accruals	1,211,127	1,211,127	1,211,127	-
Amount due to Directors	237,600	237,600	237,600	-
Provision for gratuity	2,272,847	2,272,847	-	2,272,847
Dividend payable	1,146,734	1,146,734	1,146,734	-
	7,266,345	7,266,345	4,993,498	2,272,847
2015				
Trade payables	684,933	684,933	684,933	-
Non-trade payables and accruals	1,058,512	1,058,512	1,058,512	-
Amount due to Directors	237,600	237,600	237,600	-
Provision for gratuity	2,161,080	2,161,080	-	2,161,080
Dividend payable	1,146,854	1,146,854	1,146,854	-
	5,288,979	5,288,979	3,127,899	2,161,080

It is not expected the cash flows included in the maturity analysis could occur significantly earlier, or at significant different amount.

Fair values

The following summarises the methods used to determine the fair values of the financial instruments:

(i) The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short term maturity of the financial instruments.

(ii) The fair value of other investments is equivalent to the carrying value as at the end of the reporting period.

26. Financial instruments (continued)

Fair values (continued)

The aggregate fair values and the carrying amounts of the financial asset carried on the statement of financial position as at 31 December are as below:

	2016		2015	
	Carrying amount RM	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Financial asset:				
Other investment	5,000,000	5,000,000	5,000,000	5,000,000

Fair value hierarchy

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Input for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company does not have any financial liabilities carried at fair value or any financial instruments classified as Level 1 and Level 2 as at reporting date.

	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**
2016				
Financial asset				
Other investment	-	-	5,000,000	5,000,000

	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**
2015				
Financial asset				
Other investment	-	-	5,000,000	5,000,000

27. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2016.

Under the requirements of Bursa Malaysia Practice Note 17, the Company is required to maintain a shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares). The Company has complied with this requirement.

There are no other external capital requirements imposed on the Company.

28. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of retained earnings of the Company as at 31 December into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Listing Requirements, are as follows:

	2016	**2015**
	RM	**RM**
Retained earnings of the Company		
- Realised	11,279,073	10,395,231
- Unrealised	595,533	892,300
	11,874,606	11,287,531

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

.29. General information

The Company is incorporated and domiciled in Malaysia, is listed on Bursa Malaysia Securities Berhad.

The Company is principally engaged in the manufacturing and distribution of flexible packaging materials.

There has been no significant change in the nature of these activities during the financial year.

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 financial statements were approved and authorised for issue by the Board of Directors on 10 April 2017.