

2011

LAPORAN TAHUNAN
ANNUAL REPORT

Advanced Packaging Technology (M) Bhd (82982-K)
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Selangor Darul Ehsan, Malaysia
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 **advanced packaging
TECHNOLOGY (M) BHD.**
(82982-K)
先進包裝工業(馬)有限公司

 
ISO 9001
REGISTERED ITEM
CERT. NO. 601178

— The Company and Its Business —

Advanced Packaging Technology (M) Bhd was incorporated in Malaysia under the Companies Act, 1965 on 31 March 1982 as a private limited company under the name of Goyo Corporation (M) Sdn Bhd. The Company subsequently changed its name to Advanced Packaging Technology (M) Sdn Bhd on 09 June 1982 and was converted to a public company on 27 May 1993. It was listed on the Second Board (now known as Main Market after the merger of the Main Board and Second Board on 03 August 2009) of the Bursa Malaysia Securities Berhad on 27 May 1994.

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

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

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

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

In the pursuit of our commitment in quality, the Company's Quality Management System was first assessed by Zurich Certification Limited, United Kingdom and found to comply with BS EN ISO 9002:1994 standard and the certificate of registration was issued on 8 December 2000. The Quality Management System was subsequently upgraded and certified to BS EN ISO 9001:2000 and BS EN ISO 9001:2008 by Independent European Certification Limited, United Kingdom and Independent European Certification (M) Sdn Bhd on 21 December 2003 and 12 January 2010 respectively. The certification scope covers "Design, Manufacturing and Supply of Flexible Packaging Materials and Blown Film".

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

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of Advanced Packaging Technology (M) Bhd ("the Company") will be convened and held at Hotel Equatorial Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 21 June 2012 at 11.30 a.m. to transact the following items of business :-

AGENDA

As Ordinary Business

1. To receive the Statutory Financial Statements for the year ended 31 December 2011 together with the Directors' and Auditors' Reports thereon. **Resolution 1**
2. To approve the payment of a final dividend of 10% gross per share, less 25% income tax, amounting to 7.5% net per share for the year ended 31 December 2011. **Resolution 2**
3. To approve the payment of Directors' Fees of RM162,000.00 for the year ended 31 December 2011. **Resolution 3**
4. To re-elect Mr Ng Choo Tim who retire in accordance with Article 80 of the Company's Articles of Association. **Resolution 4**
5. To consider and if thought fit, to pass the following Ordinary Resolutions in accordance with Section 129 of the Companies Act, 1965:-
 - (a) "THAT Mr Chee Sam Fatt, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 5**
 - (b) "THAT Dato' Law Sah Lim, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 6**
 - (c) "THAT Datuk Ismail bin Haji Ahmad, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 7**
 - (d) "THAT Dato' Haji Ghazali B. Mat Ariff, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 8**
 - (e) "THAT Mr Tjin Kiat @ Tan Cheng Keat, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 9**
 - (f) "THAT Mr Eu Hock Seng, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 10**
6. To re-appoint Messrs PKF as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 11**

As Special Business

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

Notice of Annual General Meeting (cont'd)

Proposed Amendments to the Articles of Association of the Company to comply with recent Amendments to the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

THAT the existing articles in the Articles of Association be amended by substituting with the proposed articles as set out below:-

Article No.	Existing Articles	Proposed Articles	Rationale(s)
To amend Article 68.	Subject to Article 57A and any rights or restriction for the time being attached to any class of shares at meetings of Members or classes of Members, each Member entitled to vote may vote in person or by proxy or by attorney or by duly authorised representative, and on a resolution to be decided on a show of hands, a holder of ordinary shares or preference shares who is personally present in person or by proxy or by attorney or by duly authorised representative, and entitled to vote shall be entitled to one (1) vote, and on a poll, every Member present in person or by proxy or attorney or representative shall have one vote for each share he holds.	Subject to Article 57A and any rights or restriction for the time being attached to any class of shares at meetings of Members or classes of Members, each Member entitled to vote may vote in person or by proxy or by attorney or by duly authorised representative, and on a resolution to be decided on a show of hands, a holder of ordinary shares or preference shares who is personally present in person or by proxy or by attorney or by duly authorised representative, and entitled to vote shall be entitled to one (1) vote and the person so appointed shall be entitled to exercise the same rights as members to speak at the General Meeting , and on a poll, every Member present in person or by proxy or attorney or representative shall have one vote for each share he holds.	To be consistent with Para 7.21A(2) of the Listing Requirements
To amend Article 73.	The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under hand of an officer or attorney duly authorised. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. A member may appoint a maximum of two proxies to attend at the same meeting. Where a Member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.	The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under hand of an officer or attorney duly authorised. A proxy may but need not be a Member of the Company. If the proxy is not a member of the Company, he shall be any person and there shall be no restriction as to the qualification of the proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. A member may appoint a maximum of two proxies to attend at the same meeting. Where a Member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.	To be consistent with Para 7.21A(1) of the Listing Requirements

Notice of Annual General Meeting (cont'd)

Article No.	Existing Articles	Proposed Articles	Rationale(s)
To insert new Article 74 (A)	New Provision (to be inserted immediately after the existing Article 74).	<p>i) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.</p> <p>ii) An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.</p>	To be consistent with Para 7.21 of the Listing Requirements

8. To consider and if thought fit, to pass the following ordinary resolution:-

Resolution 13

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

"THAT subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant regulatory authorities, the Company be and is hereby authorised to renew the approval granted by the shareholders of the Company at the Annual General Meeting of the Company held on 15 June 2011, authorising the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company and an amount not exceeding the retained profits of the Company, be allocated by the Company for the Proposed Share Buy Back. The audited retained profits of the Company stood at RM9,815,594 for the financial year ended 31 December 2011.

AND THAT upon completion of the purchase by the Company of its own shares, the Directors be and are hereby authorised to cancel such shares or retain such shares as the treasury shares or a combination of both. The Directors are further authorised to resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends to the shareholders of the Company or subsequently cancel the treasury shares or any combination of the three (3) and in any other manner as prescribed by the Act, rules and regulations and orders made pursuant to the Act and requirements of Bursa Securities and any other relevant authority for the time being in force.

Notice of Annual General Meeting (cont'd)

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

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

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

9. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders, a final dividend of 10% gross per share, less 25% income tax, amounting to 7.5% net per share in respect of the financial year ended 31 December 2011 will be paid on 24 July 2012 to shareholders whose names appear in the Company's Record of Depositors on 29 June 2012.

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

- a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 29 June 2012 in respect of ordinary transfers; and
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

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

Petaling Jaya
29 May 2012

NOTES:

1. A member of the Company entitled to attend and vote at this meeting may appoint a maximum of two proxies to vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provisions of Section 149(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy (but not more than two) in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at Ground Floor, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time appointed for holding the meeting or any adjournment thereof.
5. Only members whose names appear in the Record of Depositors on 15 June 2012 shall be entitled to attend, speak and vote at the Annual General Meeting.
6. The Resolution 12, if passed, is to incorporate provisions as required by Bursa Malaysia Securities Berhad. Please refer to the Circular to Shareholders dated 29 May 2012 for further information.
7. The Resolution 13, if approved, will empower the Directors of the Company to purchase and/or hold up to a maximum of ten percent (10%) of the issued and paid-up share capital of the Company at any point of time, by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier. Further information on this proposed Ordinary Resolution is set out in the Circular to Shareholders dated 29 May 2012.

Statement Accompanying The Notice of Annual General Meeting

1) NAMES OF DIRECTORS STANDING FOR RE-ELECTION AND RE-APPOINTMENT

The names of the Directors standing for re-election and re-appointment at the forthcoming Thirtieth Annual General Meeting are as follows:-

Re-election under Article 80 of the Company's Articles of Association

- a) Ng Choo Tim

Re-appointment under Section 129(6) of the Companies Act, 1965

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

2) DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

The number of Board of Directors' Meetings held and attendance by directors during the financial year ended 31 December 2011 are as follows:-

NAME OF DIRECTORS	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
Chee Sam Fatt	4	4
Tjin Kiat @ Tan Cheng Keat	4	4
Yeo Tek Ling	4	4
Dato' Law Sah Lim	4	4
Eu Hock Seng	4	4
Ng Choo Tim	4	4
Dato' Haji Ghazali b. Mat Ariff	4	4
Datuk Ismail bin Haji Ahmad	4	3
Mah Siew Seng	4	4

3) PLACE, DATE AND HOUR OF THE THIRTIETH ANNUAL GENERAL MEETING

The Thirtieth Annual General Meeting of the Company will be held at Hotel Equatorial Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 21 June 2012 at 11.30a.m.

4) DETAILS OF DIRECTORS STANDING FOR RE-ELECTION AND RE-APPOINTMENT

The details of the directors standing for re-election and re-appointment at the forthcoming Thirtieth Annual General Meeting are set out on pages 8 to 11 of the Annual Report.

Corporate Information

BOARD OF DIRECTORS

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

SECRETARIES

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

AUDITORS

PKF
AF 0911
Chartered Accountants

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

REGISTERED OFFICE

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

REGISTRAR & SHARE TRANSFER OFFICE

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

PRINCIPAL BANKER

CIMB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Website : www.advancedpack.com.my

Directors' Profile

CHEE SAM FATT*

Singaporean

Chairman (Non-Independent Non-Executive Director)

Mr Chee Sam Fatt, aged 76 years is one of the founder director of the Company. He was appointed a Board member on 31 March 1982 and is currently the Chairman of the Board and the Remuneration Committee.

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

Mr Chee does not have any family relationship with any director. He is the father of Mr Chee Chin Tsai and Mr. Chee Chin Hung who are the substantial shareholders of the Company. He does not have any conflict of interest with the Company and has no record of conviction for any offence within the past ten years. He holds 10,125 ordinary shares in the Company. He is not a director of any other public company.

TJIN KIAT @ TAN CHENG KEAT*

Malaysian

Managing Director (Non-Independent Executive Director)

Mr Tan Cheng Keat, aged 73 years is one of the founder directors of the Company and was appointed to the Board on 31 March 1982. On 1 May 1986, he was appointed as a full time Executive Director and subsequently served as Managing Director of the Company since 29 June 1989.

Mr. Tan is the principal officer of the Company and is responsible for the overall management of the Company's business as well as spearheading its future direction.

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

Mr Tan holds 1,550,089 ordinary shares in the Company and has no conflict of interest with the Company. He does not have any family relationship with any director and/or major shareholder of the Company. He does not hold any other directorships in public companies. He has not been convicted of any offence in the past ten years.

YEO TEK LING

Malaysian

Finance Director (Non-Independent Executive Director)

A Chartered Global Management Accountant by profession, Mr.Yeo Tek Ling, aged 53 years, was appointed to the Board on 6 January 1994 and assumed the position of Finance Director in January 1996. Mr Yeo first joined the Company in October 1985 as an Accountant and subsequently became the Finance & Administration Manager and Corporate Planner. He was attached to Associated Pan Malaysia Cement Sdn Bhd as an Assistant Accountant for three years prior to joining the Company.

Mr Yeo is primarily responsible for overseeing the accounting, financial reporting, taxation, financial, corporate, supply chain, ISO 9001 and administrative matters of the Company. He also assists the Managing Director from time to time in management and other operational matters. He had assisted the Company in obtaining public listing in 1994 and the ISO 9002 certification in year 2000 as well as the subsequent upgrading to ISO 9001:2000 in 2003 and ISO 9001:2008 in 2009.

Directors' Profile (cont'd)

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

He does not have any family relationship with any director and/or major shareholder of the Company. There is no conflict of interest between him and Company. He holds 12,169 ordinary shares in the Company. He does not hold directorships in any other public companies. He has not been convicted of any offence within the past ten years.

DATO' LAW SAH LIM*

Malaysian

Director (Non-Independent Non-Executive Director)

One of the founder directors of the Company, Dato' Law Sah Lim, aged 82 years, was appointed to the Board on 31 March 1982. He served as Chairman of the Company since his appointment to the Board and resigned on 1 January 2003.

With over four decades of experience in various businesses such as the motor vehicle trade, food manufacturing, sales and assembly of electrical products, leasing, credit and financing, he sits on the Board of several private limited companies.

Dato' Law is the father-in-law of Mr. Wong Chee Weng who is a substantial shareholder of the Company. He does not have any family relationship with any director of the Company. There is no conflict of interest between him and the Company. He has 5,014 ordinary shares of RM1.00 each in the Company and is not a director of any other public companies. He has not been convicted of any offence within the past ten years.

EU HOCK SENG*

Singaporean

Director (Independent Non-Executive Director)

Aged 72 years, Mr. Eu Hock Seng is a founder director of the Company. He was appointed to the Board on 31 March 1982. He currently serves as a member of the Nomination Committee.

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

Mr Eu does not have any family relationship with any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company. He holds 11,210 ordinary shares in the Company. He does not hold directorships in any other public companies. He has not been convicted of any offence within the past ten years.

Directors' Profile (cont'd)

NG CHOO TIM[#]

Malaysian

Director (Independent Non-Executive Director)

Mr Ng Choo Tim, aged 60 years, was appointed a Board member on 29 June 1989. He is a member of the Nomination Committee.

He was a partner of Syarikat Guan Seng for many years, a company trading in electrical products and furniture which had recently ceased operation.

Mr Ng does not have any family relationship with any director and / or major shareholder. There is no conflict of interest between him and the Company. He holds 648,297 ordinary shares in the Company. He has not been convicted of any offences within the past ten years. He is not a director of any other public companies.

DATO' HAJI GHAZALI BIN MAT ARIFF^{*}

Malaysian

Director (Independent Non-Executive Director)

Dato' Haji Ghazali Bin Mat Ariff, aged 71, is an Independent Non-Executive Director and was appointed to the Board on 23 March 1994. He is the Chairman of the Audit Committee and a member of the Remuneration Committee.

Dato' Ghazali is an Advocate and Solicitor. He qualified as a Barrister-at-Law from Lincoln's Inn, London and was called to the English Bar on 21 November 1978. He was admitted as an Advocate & Solicitor of the High Court of Malaya on 27 September 1979. He set up a legal firm in March 1980 which is now known as Ghazali Ariff & Partners and is currently the Senior Partner of the firm.

He worked as a legal assistant at Messrs. Nik Hussain, Ibrahim & Abdullah, Kuala Lumpur from 1979 to 1980. Prior to that, he was a college trained teacher at Chung Hwa Confucian High School Penang from 1962 to 1968 and a lecturer at Sultan Hassanah Bolkiah Teachers' Training College Brunei Darussalam from 1968 to 1974.

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

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

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

Directors' Profile (cont'd)

DATUK ISMAIL BIN HAJI AHMAD*

Malaysian

Director (Independent Non-Executive Director)

Aged 75 years, Datuk Ismail bin Haji Ahmad was appointed to the Board on 30 December 1998. He is currently the Chairman of the Nomination Committee and a member of the Audit Committee.

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

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

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

MAH SIEW SENG

Malaysian

Director (Independent Non-Executive Director)

Mr. Mah Siew Seng, aged 59, is a Chartered Certified Accountant by profession. He was appointed to the Board on 23 March 1994. He is a member of both the Audit Committee and the Remuneration Committee.

Mr Mah is a member of the Malaysian Institute of Accountants, a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Chartered Tax Institute of Malaysia (formerly known as Malaysian Institute of Taxation). He practices as a Chartered Accountant in Teluk Intan under the name of Messrs. Mah Siew Seng & Co since 1982.

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

* Directors standing for re-appointment

Director standing for re-election

Corporate Social Responsibility Statement

The Board of Directors of Advanced Packaging Technology (M) Bhd recognises the importance of playing its role in Corporate Social Responsibility (CSR). The Board also acknowledges it is an ongoing commitment for the Company in fostering CSR activities for a sustainable business operation.

The CSR accentuated by the Company is broadly divided into four areas namely the Workplace, the Community, the Environment and the Marketplace.

1) The Workplace

Providing a conducive, safe and healthy working condition for its employees is always the emphasis of the Company. A Safety and Health Committee was in place to oversee the safety and occupational health issues in the workplace. Protective gears were given to its factory and production staff/workers. Preventive actions and mitigation measures such as safety briefing and fire drills were conducted on site to enable the employees to better understand certain safety issues and to react in time of emergency.

The Company has taken pro-active action in the development of its human capital as it recognises the importance of its employees as one of the most valuable asset of the Company. The Board believes that continuous learning and human capital development will result in better performance of the employees. Hence, both external and in-house training programmes were provided or conducted on a regular basis to enhance the skill and knowledge as well as job performance of its employees.

Moreover, the Company ensures that employees are adequately provided for with medical benefits and insurance coverage besides competitive remuneration. Dinner / trip for the employees were organized from time to time.

2) The Community

The Company plays its role actively in creating employment and job opportunities and it gives priority to local people particularly fresh graduates/school leavers and unskilled workers. It has also provided employment to the handicapped and less privileged people. These efforts will help the government in the development of its human capital and reducing unemployment. Thus, it will help to improve the standard of living of the people and reduce social ills of the youth.

Certain flexibility was given to some of its employees in volunteering their time and efforts in serving certain relevant trade and professional organizations.

3) The Environment

It has always been the priority of the Company to ensure that business activities are conducted in compliance with the applicable environment regulations. It has also taken actions on the 3 R's (Reduce, Reuse and Recycle) initiatives in preserving the environment.

Some of the initiatives taken by the Company to safeguard and preserve the environment are as follows:-

- a) Replacing normal fluorescent lighting with those of energy saving type.
- b) Replacing diesel usage with natural gas as fuel for boilers to reduce air pollution.
- c) Replacing progressively old air-conditioners with those with energy saving features.
- d) Recycling of certain discarded raw and processed materials.
- e) Reusing and recycling of pallets, cardboards, paper and stationery and hence reducing the purchase of these items.
- f) Recycling of certain packaging materials back to suppliers.
- g) Scheduled and solid waste disposal were carried out only by licenced contractor.
- h) Setting appropriate temperature for air-conditioners in the office.
- i) Switching off lighting and air-conditioners whenever possible.

4) The Marketplace

At the market place, the Company operates with sound business practices and good corporate governance.

The Company has always emphasized on the quality of its products. It manufactures and supplies quality products to its customers in accordance to its ISO 9001 Quality Management System that certified to BS EN ISO 9001:2008 standard. This practice will provide better quality assurance to its customers and gives the Company a competitive edge over those companies without the ISO 9001 certification to market its products to both local and oversea markets

As it operates in a competitive market environment, the Company works closely with its major customers and suppliers for better partnership in order to achieve better value which is beneficial to both organisations in the long run. Raw materials used in manufacturing will only be sourced from approved suppliers to ensure consistency of quality of supplies.

This statement was approved by the Board on 26 April 2012

Statement on Corporate Governance

The Board of Directors ("Board") of Advanced Packaging Technology (M) Bhd subscribes to the principles of and best practices in corporate governance. The Directors are committed to having a good corporate governance framework in conducting the business and affairs of the Company in order to enhance shareholders' value and the financial performance of the Company whilst taking into account the interest of other stakeholders.

A proper and practical framework for governance and controls that are in line with the principles of and best practices in corporate governance as recommended in the Malaysian Code on Corporate Governance ("Code") and the relevant provisions in the Bursa Malaysia Securities Berhad Listing Requirements has been established and implemented by the Company. This Statement together with other statements such as Statement on Internal Control sets out the manner in which the Company has applied the principles and the extent of its compliance of Part I of the Code for the financial year ended 31 December 2011.

1.0 BOARD OF DIRECTORS ("BOARD")

1.1 Role and Responsibilities

The Board of Directors is fully aware that it's the duty of the Directors to act in the best interest of the Company and the Board is ultimately responsible for the performance of the Company. The Directors are also fully aware of the dual role of leadership and control for it to be effective. They are also conscious of the need to practising good corporate governance in the discharge of their stewardship responsibilities to protect the various stakeholders' interest and the Company's assets and to enhance the Company's performance.

The Board comprises members with diversified background has the overall responsibility for corporate governance, establishing goals, setting strategic direction, overseeing investments, conduct, operation and execution of the Company's business. It provides leadership, strategic direction and advice to the Company and guides the Company in achieving its objectives.

A formal schedule of matters and position descriptions are established to clearly define and segregate the duties and responsibilities of the Board and management. There are no restrictions on directors in obtaining access, where necessary, to independent professional advice at the Company's expense and access to the advice and service of the Company Secretary.

The Chairman of the Board and Board Committees are assisted by Management and the Company Secretary in undertaking their responsibility of organizing and ensuring that notices of meetings, agenda papers and other relevant information are supplied on a timely basis and tabled for the Board and Board Committees to function effectively.

1.2 Composition of the Board and Board Balance

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

The number of directors which fairly reflects the investment in the Company as the Board does not have any significant shareholder. The Board members possess a wide range of skills and varied experience in either business or professional practices and this is crucial to the proper running of the Company.

Statement on Corporate Governance (cont'd)

There is a balance of executive and non-executive directors in the Board with no individual director dominating decision making at Board meetings. The presence of Independent Non-Executive Directors fulfills a pivotal role in corporate governance accountability. Dato' Haji Ghazali bin Mat Ariff was appointed on 28 May 2002 as the senior independent non-executive director to whom all concerns regarding the Company may be conveyed.

The roles and responsibilities of the non-Executive Chairman and the Managing Director are clearly divided to ensure a balance of power and authority. The Chairman provides leadership to the Board and monitors its effectiveness while the Managing Director manages the overall business operation. The executive directors' knowledge of the business operation is complemented by the independent non-executive directors' objective and unbiased judgment at board deliberations taking into account the best interest of the Company's investors as a whole at all times.

1.3 Board and Committee Meetings

The Board and Audit Committee meet at least four times a year at a quarterly interval with additional meetings convened and held as and when deemed necessary. The Nomination and Remuneration Committee usually meet once a year. A schedule of board and committee meetings for the following financial year was prepared in advance by Management in the fourth quarter of the financial year. The Chairman is responsible for ensuring that the Board is running effectively with the assistance of the Management and Company Secretary.

Relevant agenda, Board papers and reports for each meeting are circulated to Directors in advance of the meeting. When requested by the Board or Board Committees, additional information are promptly supplied to enable them to effectively discharge their responsibilities. Certain Senior management staff had been requested to attend the Board or Board Committee meetings when clarification was sought. The respective Chairman of Board Committees will report the decisions and recommendations of their committees to the Board at the Board's next meeting for further action.

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

1.4 Supply of Information

All information and documents such as notice, agenda, Board Papers and reports are given to Directors in a timely manner prior to the convening of each meeting to ensure that the Directors and Committee members have sufficient time to understand and appreciate issues to be deliberated at the Board or Board Committee meetings.

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

Statement on Corporate Governance (cont'd)

1.5 Appointment and Re-election of Directors

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

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

1.6 Directors' Training

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

The Board acknowledges that appropriate training programmes for the Directors will keep them abreast with developments in market place as well as increase their knowledge and understanding of recent developments in laws, regulations and business practices. The Company Secretary has from time to time updated the Directors on the amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to disclosure and other obligations.

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

Dato' Haji Ghazali bin Mat Ariff

- i) Directors' Obligations under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad by Securities Services (Holdings) Sdn. Bhd.

Mr. Yeo Tek Ling

- i) Right Leadership, Right Journey by Training.com Asia;
- ii) FTSE Bursa Malaysia Index Series Liquidity Rule Enhancement by Bursa Malaysia;
- iii) Advocacy Session on Disclosure For CEOs and CFOs by Bursa Malaysia;
- iv) CIMA Green Sustainability Conference Asia 2011 by Chartered Institute of Management Accountants, Malaysia Division;
- v) MIA-AFA Conference 2011 jointly organised by Malaysian Institute of Accountants and Asean Federation of Accountants.

Mr Mah Siew Seng

- i) Budget Seminar by Chartered Tax Institute of Malaysia;
- ii) Malaysian FRS & Auditing Updates & Recent Development by Aljeffri Dean Consulting Sdn Bhd.

Statement on Corporate Governance (cont'd)

2.0 Directors' Remuneration

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

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

Set out below are the details of the Directors' remuneration received, receivable and inclusive of the recommended directors' fees in respect of the financial year ended 31 December 2011, distinguishing between Executive and Non-Executive Directors:-

Category of Remuneration	Executive Directors (RM)	Non-Executive Directors (RM)
Salary	356,400.00	-
Fees	36,000.00	126,000.00
Bonus	94,454.00	-
Benefits-in-kind	36,625.00	-
EPF & Socso	99,808.00	-
Others	-	-
Total	623,287.00	126,000.00

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

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

Statement on Corporate Governance (cont'd)

3.0 Board Committees

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

3.1 Audit Committee

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

Details of its key functions, roles & responsibilities, composition and other relevant information and activities are set out in the Audit Committee Report.

3.2 Nomination Committee

The Nomination Committee was established on 27 February 2002 by the Board and it currently comprises of three independent non-executive directors as below:-

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

The terms of reference of the Nomination Committee are:-

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

The Nomination Committee met once and attended by all members during the year under review.

Statement on Corporate Governance (cont'd)

3.3 Remuneration Committee

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

Members of the Remuneration Committee are :-

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

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

4.0 Relationship With Shareholders

The Company has maintained an effective communication channel between the Board, shareholders and the general public through timely dissemination of all material information. The timely release of announcement, quarterly and annual financial results, annual reports, circulars and notices of meetings provides shareholders with regular and updated information of the Company. Moreover, the Company's website also provides more information on the Company to the public.

Members of the public can obtain the full Annual Report, financial statements and announcements from the Bursa Malaysia Securities Berhad's website. The Company endeavours to provide appropriate information upon requests by institutional investors, fund managers and analysts and the press.

At the Annual General Meeting, the Directors present the progress and performance of the Company and shareholders are given the opportunity to ask relevant questions pertaining to the Company and its business. This will enable shareholders to gain better insights of the Company's business and operations as well as its prospectus.

5.0 Accountability and Audit

5.1 Financial Reporting

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

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

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

Statement on Corporate Governance (cont'd)

5.2 Internal Control

The Board of Directors recognises the important of maintaining a sound system of internal control including financial, operational and compliance controls and risk management to safeguard shareholders' investment and the Company's assets. The internal control system aims at identifying and managing any risks that the Company may encounter in the pursuit of its business objectives. It is aware of the importance of ongoing monitoring processes and control activities to identify and rectify operational deficiencies and to detect and prevent actual or suspected fraud, and other irregularities and improprieties.

Internal Audit function of the Company was outsourced during the year at a cost of RM 13,200.00 to Covenant Equity Consulting Sdn Bhd to review certain functional areas to ensure best practices are adopted in internal control by the Company. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the business operations. This assists the Board /Audit Committee in obtaining assurance of a regular review and appraisal of the adequacy, integrity and effectiveness of the system of internal control. However, the internal control system, by nature can only provide reasonable but not absolute assurance against loss.

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

5.3 Relationship with External Auditors

An appropriate and transparent relationship with its external auditors has been established by the Company through the Audit Committee. Notice of each Audit Committee meeting is extended to the external auditors and the latter has to date attended all of the Audit Committee meetings and they had participated actively in the meeting and highlighted major issues that need more deliberation.

External auditors were also invited from time to time to attend Board meeting to brief the Directors on major issues that need their attention. Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee Report.

This statement was made in accordance with a Board resolution passed on 26 April 2012.

Other Information

Status of Utilisation of Proceeds

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

Share Buy-Back

At the Extraordinary General Meeting held on 26 June 2008, the Company obtained the approval of the shareholders in relation to the share buy-back authority, whereby the Company is authorized to purchase up to ten (10%) of its issued and paid-up capital. The authority was subsequently renewed on 25 June 2009, 24 June 2010 and 15 June 2011.

During the financial year ended 31 December 2011, the Company purchased a total of 265,800 ordinary shares for RM345,404.37. All shares purchased are retained as treasury shares. As at 31 December 2011, total cumulative shares purchased and retained as treasury shares were 1,252,816 shares with a total consideration of RM875,989.73. The share buy-back was financed by internally generated funds. None of the shares purchased so far has been sold or cancelled during the financial year.

The details of the shares purchased during the year are set out below:-

Month	No. of Ordinary Shares	Purchase Price Per Share (RM)			Total Consideration*
		Lowest	Highest	Average	(RM)
January 2011	38,000	1.34	1.40	1.37	52,561.00
March 2011	40,000	1.23	1.35	1.29	51,260.70
April 2011	24,000	1.24	1.40	1.32	31,699.96
May 2011	15,000	1.33	1.40	1.37	20,625.09
June 2011	61,000	1.32	1.43	1.38	84,192.94
July 2011	16,000	1.15	1.31	1.23	18,695.93
August 2011	19,000	1.20	1.32	1.26	23,881.47
October 2011	25,000	1.09	1.20	1.15	28,720.42
November 2011	13,700	1.17	1.20	1.19	16,301.39
December 2011	14,100	1.18	1.35	1.27	17,465.47
Total	265,800				345,404.37

* Includes transaction cost

Options, Warrants and Convertible Securities

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

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

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

Sanctions and/or Penalties

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

Other Information (cont'd)

Non-Audit Fees

The amount of non-audit fees paid or payable to the Auditors, Messrs. PKF and its affiliated company for the financial year including taxation and other services was RM18,700.00

Variance in Results

There was no material variance between the Company's audited results for the financial year ended 31 December 2011 and the unaudited results previously released for the financial quarter ended 31 December 2011.

Profit Guarantee

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

Material Contracts

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

Recurrent Related Party Transaction of a Revenue or Trading Nature

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

Employee's Share Option Scheme (ESOS)

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

Accounts

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

Statement On Internal Control

Introduction

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

Responsibility

The Board acknowledges that it has the ultimate responsibility for the Group's system of internal control and risk management which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity through ongoing monitoring. Having good corporate governance and a sound system of internal control in the Group has always been the key consideration of the Board.

The Control systems established by the Board are designed to manage rather than eliminate the risks facing the business in pursuit of its business objectives. As such, they can only provide reasonable, and not absolute assurance against material misstatement, fraud, loss or breaches of laws or regulations in view of the limitations inherent in any system of control. The Board is assisted by the management in implementing the appropriate controls and constant review to mitigate and manage risks at certain reasonable level.

Risk Management

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

It's the responsibility of the management for creating a risk-aware culture within the organization so as to mitigate risks that may impede the achievement of the business goals. The management has also been tasked with the responsibility to identify, evaluate and prioritise significant risks faced by the Group for the Board's consideration, formulate action plans, implement appropriate internal control system and ensure compliance with the applicable laws, regulations, standards and guidelines and implementing policies adopted by the Board.

Internal Audit Function

The Group's internal audit function is outsourced to external consultants on an annual basis and it reports directly to the Audit Committee. It assists the Audit Committee and the Board in formulating an internal audit plan and to provide an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system, in anticipating potential risk exposures over key business processes.

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

Periodic review of the internal controls on various key functional areas of the business operations, which has been approved by the Audit Committee was carried out by the external consultants. Report on findings and recommendations were then submitted directly to the Audit Committee, and by extension to the Board of Directors.

Statement On Internal Control (cont'd)

The management will take the necessary corrective actions on reported weaknesses as recommended by the internal audit function within the agreed time frame. The Audit Committee will in turn review with management the internal audit report and management response. Progress of corrective actions are monitored through follow-up audits.

Quality Assurance System

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

It has always been the commitment of the management to carry out the necessary upgrading and monitoring of the Company's Quality Management System on a continuous basis for further improvement of the control system in order to meet with the latest ISO 9001 standard.

Other Key Elements of Internal Control

The Group has also implemented other key measures that assist in improving the internal control of the Group as summarise below:

- Proper delegation of responsibilities and authorities by the Board to various Committees of the Board.
- Independence of the Audit Committee in discharging its duties and responsibilities.
- Implementation of relevant procedures which are in line with Quality Management System and are complying to ISO 9001:2008 standards.
- Proper organisational structure and job specification for employees.
- Communication of quality policy and objectives to all employees.
- Proper process of the annual profit forecast approved by the Board.
- Regular operational and financial reporting to the management and the Board.
- Regular reviews of financial and progress reports by the Audit Committee and the Board of Directors.
- Holding of ad-hoc meetings regularly at management and operational levels to identify, discuss and resolve business and operational issues.
- Enhancement and improvement of employees' competencies and proficiencies by continuous training and development through a combination of on-the-job training and internal and external training courses.

Conclusion

The Directors are of the opinion that the system of internal control implemented currently is adequate for the current operations and there was no material loss incurred during the financial year under review as a result of significant weaknesses or deficiencies in the system of internal control.

Nevertheless, both the Board and the management remain vigilant and continue to take appropriate measures to improve and strengthen the control environment.

This statement was approved by the Board on 26 April 2012

Directors' Responsibility Statement

The Directors of the Company are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the financial and cash flow positions and state of affairs of the Company and, where applicable, the Group as at the financial year end. And pursuant to paragraph 15.26 (a) of the Listing Requirements of the Bursa Malaysia Securities Berhad, the Board of Directors is required to issue a statement explaining its responsibility for preparing the annual audited financial statements.

The directors have, through the Statement by Directors on page 35 of the Annual Report given their opinion that the financial statements have been drawn up in accordance with applicable approved financial reporting / accounting standards in Malaysia so as to give a true and fair view of the financial position of the Company for the financial year ended 31 December 2011.

In preparing the financial statements, the Directors are responsible for ensuring that appropriate accounting policies are adopted and applied consistently and where judgements and estimates were made, they were based on prudence and reasonableness. The directors are also responsible for ensuring that proper accounting and other records are kept to sufficiently explain the transactions and financial position of the Company and to enable true and fair financial statements to be prepared.

This statement was approved by the Board on 26 April 2012.

Audit Committee Report

The Board of Directors is pleased to present the report of the Audit Committee for the financial year ended 31 December 2011 pursuant to paragraph 15.15 of the Bursa Malaysia Securities Berhad Listing Requirements.

COMPOSITION

1. The Audit Committee shall be appointed from amongst the Directors of the Company and shall consist of at least three members, a majority of whom shall be independent directors.
2. All the members of the Audit Committee shall be non-executive directors.
3. All the members of the Audit Committee shall be financially literate and at least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants (MIA); or if he is not a member of MIA, he must have at least three years' working experience and have passed the examination specified in Part I of the First Schedule of the Accountants Act, 1967 or be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967 or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
4. An alternate director shall not be appointed as a member of the Audit Committee.
5. Any vacancy in the Audit Committee resulting in the non-compliance of paragraph 15.09(1) of the Listing Requirements shall be filled within three months.

Membership, Meetings and Attendance

The Audit Committee comprises of three independent non-executive directors. The composition, name, designation and attendance of each member at Committee meetings are detailed below:-

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

Key Functions, Roles and Responsibilities of the Audit Committee

1. To review the following and report the same to the Board of Directors:-
 - (a) with the external auditor, the nature and scope of the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal controls;
 - (c) with the external auditor, his audit report;
 - (d) the assistance given by the employees of the company to the external auditor;

Audit Committee Report (cont'd)

- (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) the internal audit program, processes, the results of the internal audit program, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) the quarterly results and year end financial statements of the Company, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments and unusual events arising from the audit;
 - the going concern assumption;
 - compliance with accounting standards and other legal requirements.
 - (h) any related party transactions and conflict of interest situation that may arise within the company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
2. To consider the appointment of an external auditor, the audit fee and any questions of resignation or dismissal.
 3. To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).
 4. To review the external auditor's management letter and management's response.
 5. To do the following matters in relation to internal audit function:-
 - (a) review any appraisal or assessment of the performance of members of the internal audit function;
 - (b) approve any appointment or termination of senior staff members of the internal audit function;
 - (c) take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
 6. To consider the major findings of internal investigations and management's response.
 7. To report to Bursa Malaysia Securities Berhad when the Audit Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad Listing Requirements.
 8. To consider any other topics as defined by the Board.

Summary of Audit Committee's Activities

The Audit Committee carried out the following activities during the financial year ended 31 December 2011:-

- (a) reviewed the quarterly unaudited financial results and announcements and annual audited financial statements for recommendation and submission to the Board of Directors for approval and release to the Bursa Malaysia Securities Berhad.
- (b) reviewed the nature and scope of audit plan and audit fees with external auditors prior to the audit of the year- end financial statements and accounts.
- (c) reviewed with external auditors the assistance given to them by the staff of the Company, the evaluation of the system of internal control, external auditor's report, recommendations, management letter and management's response in relation to the audit of the year- end financial statement and accounts.

Audit Committee Report (cont'd)

- (d) met and discussed with external auditors in the absence of management on matters arising from the interim and final audits.
- (e) discussed and considered the proposals from Covenant Equity Consulting Sdn. Bhd. to provide internal audit services for 2011 and recommended the internal audit scope and plan for approval of the Board.
- (f) reviewed the internal audit programmes and reports prepared by Covenant Equity Consulting Sdn. Bhd. and management's response to its findings and recommendations.

Summary of Internal Audit Function's Activities

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

During the year under review, CEC had carried out internal audit on certain key risk areas and business processes to ensure best practices are adopted in the system of internal control by the Company. Internal audit report incorporating both findings and recommendations was issued to the Company after the internal audit. Management is responsible to act on issues raised by taking necessary corrective actions within certain agreed time frame to ensure potential risk exposures over key business processes is properly addressed and managed.

Internal audit report and management's response were tabled for discussion in Audit Committee meeting by CEC. Having reviewed and discussed by the Audit Committee, the internal audit report and management's response were then tabled to the next Board of Directors' meeting for further action.

This statement was made in accordance with a Board resolution passed on 26 April 2012.

Chairman's Statement

On behalf of the Board of Directors of Advanced Packaging Technology (M) Bhd, it gives me great pleasure to present to you the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2011.

OVERVIEW

The business environment was generally cautious in year 2011 on the impact of Euro zone debts crisis. Some countries were faced with credit crisis and economic adversities in year 2011 particularly in Europe and that had affected to certain extend some local companies exporting their products to this region.

FINANCIAL PERFORMANCE

The group recorded a turnover of RM23.04 million for the year ended 31 December 2011 which was RM2.03 million or 8.09% lower when compared to RM25.07 million recorded in the preceding financial year. Net profit after tax for the year under review decreased by RM0.024 million or 0.99% to RM2.40 million from RM2.42 million recorded for the financial year ended 31 December, 2010. Cautious operating environment had led to lower sales turnover. However, lower operating cost and gain on disposal of a subsidiary of RM123,514 had helped to minimize the drop in the net profit for the year.

PROSPECTS

Volatile raw material prices and market competition are the key concerns of the Company in the current year which may affect sales turnover and profitability. The Euro zone debts crisis and uncertainty of the global economy will result in the Company's operating environment to be more challenging as market sentiment is more cautious which may affect customers' buying interest.

However, the prospect of the flexible packaging materials is still promising in view of the growing demand for better packaging materials. Thus, barring unforeseen circumstances, the Board expects to achieve satisfactory results for year 2012.

DIVIDEND

The Board of Directors has recommended a final dividend of 10.00 sen per share less income tax of 25% (2010:10.00 sen per share less 25% income tax) for the financial year ended 31 December 2011. The proposed dividend is subject to the approval of the shareholders at the Annual General Meeting to be held on 21 June 2012.

An interim dividend of 4.00 sen per share less income tax (2010: 4.00 sen per share less income tax) was paid on 16 January 2012 for the financial year ended 31 December 2011.

CORPORATE DEVELOPMENT

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

Since there is no significant progress and development of the project, the Board had decided to divest. On 20 December 2011, the Company had entered into a Sale and Purchase of Shares Agreement with China New Fuel Co. Limited to dispose off 10,000 ordinary shares of HK\$1 held in its wholly owned subsidiary, Advanced Packaging Investments (H.K.) Limited. Gain on disposal of APIL was RM123,514. The Sales consideration was subsequently received in the same year. Hence, the Company had derecognised the assets and liabilities at the end of financial year. With this, DACC is no longer a jointly controlled entity of the Company.

Chairman's Statement (cont'd)

The shareholders of the Company approved the buy-back of up to 10% of its total issued and paid up capital at the Extraordinary General Meeting held on 26 June 2008. Further, the Company had also on 25 June 2009, 24 June 2010 and 15 June 2011 obtained its shareholders' approval for the renewal of the existing shareholders mandate for the share buy-back exercise.

ACKNOWLEDGEMENT

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

Chee Sam Fatt
Chairman
26 April, 2012

Five Years Financial Highlights and Financial Indicators

Financial year ended 31 December	2011	2010	2009	2008	2007
Statements of Comprehensive income					
Revenue (RM)	23,041,369	25,066,100	24,252,523	26,165,014	25,251,813
Earnings before interest expense, tax, depreciation and amortisation	4,766,646	4,724,606	2,492,111	3,131,407	5,625,177
Profit before tax	3,227,041	3,205,447	918,762	1,988,142	4,411,769
Profit after tax	2,394,788	2,419,099	459,583	1,151,975	3,167,105
Net profit attributable to equity holders	2,394,788	2,419,099	459,583	1,151,975	3,167,105
Statements of financial position					
Total assets	35,917,263	36,538,227	55,226,170	56,663,642	56,418,009
Total borrowing	-	-	-	-	-
Shareholders equity	29,443,854	29,421,692*	49,567,827	50,893,788	52,673,644
Financial indicators					
Return on equity (%)	8.13	8.22	0.93	2.26	6.01
Return on total assets (%)	8.98	8.77	1.66	3.51	7.82
Gearing ratio (Net debts/ Shareholders' equity)	(0.23)	(0.13)	(0.44)	(0.35)	(0.45)
Basic Earnings per share (sen)	12.37	6.70	1.17	2.83	7.72
Net assets per share (RM)	1.53	1.51	1.26	1.25	1.28
Gross dividend per share (sen)	14	14	7	4.50**	4.50**
Price Earning (PE) ratio	10.51	20.90	71.79	21.91	8.10
Gross dividend yield (%)	10.77	10.00	8.33	7.26***	7.20***
Share price as at 31 December (RM)	1.300	1.400	0.840	0.620	0.625

Notes

- * In the year 2010, the Company completed a capital reduction exercise pursuant to Section 64 of the Companies Act, 1965 to reduce the Company's issued and paid up capital from 41,008,500 Ordinary Shares of RM1.00 each as of 25 November 2010 to 20,504,250 Ordinary Shares of RM1.00 each by way of:
- 1) Capital repayment of RM0.50 for every one (1) Ordinary Share of RM1.00 held by the entitled shareholders; and
 - 2) Consolidation of the entire issued and paid-up share capital of 41,008,500 Ordinary Shares of RM0.50 each via the consolidation of two (2) Ordinary Shares of RM0.50 each into one (1) Ordinary Share of RM1.00 each.
- At the end of the financial year 2010, the issued and paid-up capital of the Company was RM20,504,250 comprising 20,504,250 Ordinary Shares of RM1.00 each.

** Tax Exempt Dividend.

*** Based on Tax Exempt Dividend.

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

Principal activities

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

There have been no significant changes in the nature of these activities during the financial year except for the disposal of the subsidiary and jointly controlled entity as disclosed in Note 9 and Note 10 to the financial statements respectively.

Results

	Group RM	Company RM
Profit/(Loss) for the financial year		
- continuing operation	2,417,792	2,528,093
- discontinued operations	(23,004)	-
Total comprehensive income for the financial year	<u>2,394,788</u>	<u>2,528,093</u>
Total comprehensive income attributable to:		
Owners of the Company	<u>2,394,788</u>	

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

Since the end of the previous financial year, the Company paid a final dividend of 10% less tax of 25% totaling RM1,450,818 in respect of the financial year ended 31 December 2010, on 19 July 2011.

In respect of the financial year ended 31 December 2011, the Directors declared an interim dividend of 4% less tax of 25% totaling RM577,543 and paid on 16 January 2012.

The Directors recommend a final dividend of 10% less tax of 25% totaling RM1,443,858 subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

Directors

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

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

Directors' Report (cont'd)

Directors' interest in shares

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

	Number of Ordinary Shares of RM1.00 each			
	At 1.1.2011	Bought	Sold	At 31.12.2011
Direct interest in the Company:				
Chee Sam Fatt	10,125	-	-	10,125
Tjin Kiat @ Tan Cheng Keat	1,550,089	-	-	1,550,089
Yeo Tek Ling	12,169	-	-	12,169
Dato' Law Sah Lim	5,014	-	-	5,014
Eu Hock Seng	11,210	-	-	11,210
Ng Choo Tim	648,297	-	-	648,297
Deemed interest				
Chee Sam Fatt	3,177,755	-	-	3,177,755
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 2011 had any interest in the Ordinary Shares of the Company and its related corporations during the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965.

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in aggregate amount of emoluments received or due and receivable by Directors or the fixed salaries of full time employees of the Company as disclosed in Note 3 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 28 to the financial statements.

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

Issue of shares and debentures

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

There were no debentures issued during the financial year.

Options granted over unissued shares

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

Directors' Report (cont'd)

Share buy-back

During the financial year, the Company repurchased 265,800 of its issued Ordinary Shares from the open market at an average price of RM1.30 per share. The total consideration paid for the repurchase including transaction costs was RM345,405.

As at 31 December 2011, the Company held 1,252,816 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 RM875,990 and further details are disclosed in Note 19 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. None of the treasury shares held were resold or cancelled during the financial year.

Other statutory information

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

- (i) proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts have been written off 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 Group and of the Company to any substantial extent; or
- (ii) which would render the value attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due except as disclosed in the Note 30 to the financial statements.

Directors' Report (cont'd)

In the opinion of the Directors, except as otherwise stated in the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2011 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

Auditors

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

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

TJIN KIAT @ TAN CHENG KEAT

NG CHOO TIM

Selangor

Dated : 26 April 2012

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

In the opinion of the Directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2011 and of their financial performances and their cash flows for the financial year ended on that date.

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

TJIN KIAT @ TAN CHENG KEAT

NG CHOO TIM

Selangor

26 April 2012

Statutory Declaration Pursuant To Section 169 (16) Of The Companies Act, 1965

We, TJIN KIAT @ TAN CHENG KEAT and YEO TEK LING, being the Directors primarily responsible for the financial management of ADVANCED PACKAGING TECHNOLOGY (M) BHD, do solemnly and sincerely declare that to the best of our knowledge and belief, the accompanying financial statements are correct, and we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed TJIN KIAT @ TAN CHENG KEAT
and YEO TEK LING at Bandar Baru Bangi in
Selangor on 26 April 2012

TJIN KIAT @ TAN CHENG KEAT

YEO TEK LING

Before me,

COMMISSIONER FOR OATHS

Zahariah Bt. Mahyuddin
(No. B 330)

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of ADVANCED PACKAGING TECHNOLOGY (M) BHD, which comprise the Statements of Financial Position as at 31 December 2011 of the Group and of the Company, the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 70.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements that give a true and fair view of the financial positions and of the financial performances of the Group and of the Company in accordance with applicable approved Financial Reporting Standards and the Companies Act, 1965, and for such internal controls as the Directors determine are necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements are properly drawn up in accordance with applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the Companies Act, 1965 so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2011 and of their financial performances and their cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of the subsidiary for which we have not acted as auditors, as indicated in Note 9 to the financial statements, being financial statements which are included in the consolidated financial statements.

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

- (c) We are satisfied that the financial statements of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiary were not subject to any qualification or any adverse comment made under Section 174(3) of the Act other than as disclosed in Note 9 to the financial statements.

The supplementary information set out in Note 20 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 the MIA Guidance and the directive of 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 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PKF
AF 0911
CHARTERED ACCOUNTANTS

CHAU MAN KIT
2525/03/14 (J)
CHARTERED ACCOUNTANT

Kuala Lumpur

Dated : 26 April 2012

Statements Of Comprehensive Income

For The Financial Year Ended 31 December 2011

		Group		Company	
	Note	2011 RM	2010 RM Restated	2011 RM	2010 RM
Continuing operation:					
Revenue	2	23,041,369	25,066,100	23,041,369	25,066,100
Other income		458,506	444,158	458,481	444,099
Changes in inventories of finished good and work-in-progress		(219,704)	173,646	(219,704)	173,646
Raw materials used		(13,403,192)	(14,567,961)	(13,403,192)	(14,567,961)
Employee benefits expense	3	(2,997,744)	(3,151,206)	(2,997,744)	(3,151,206)
Impairment loss on investment in jointly controlled entity		-	(152,009)	-	-
Share of loss in jointly controlled entity		-	(352,525)	-	-
Gain on disposal of a subsidiary		123,514	-	284,204	-
Depreciation		(1,539,605)	(1,519,159)	(1,539,605)	(1,519,159)
Other expenses		(2,436,375)	(3,334,366)	(2,486,739)	(3,334,308)
Operating profits	4	3,026,769	2,606,678	3,137,070	3,111,211
Interest income		200,272	598,769	200,272	598,769
Profit before tax		3,227,041	3,205,447	3,337,342	3,709,980
Tax expense	5	(809,249)	(765,305)	(809,249)	(765,305)
Profit for the financial year from continuing operation		2,417,792	2,440,142	2,528,093	2,944,675
Discontinued operations:					
Loss for the financial year from discontinued operations	6	(23,004)	(21,043)	-	-
Total comprehensive income for the financial year		2,394,788	2,419,099	2,528,093	2,944,675
Total comprehensive income attributable to:					
Owners of the Company		2,394,788	2,419,099	2,528,093	2,944,675
Basic average earnings attributable to owners of the parent per ordinary share (sen)					
	7	12.37	6.70		

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

Statements Of Financial Position

As At 31 December 2011

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Non-current assets					
Property, plant and equipment	8	11,806,156	12,841,417	11,806,156	12,841,417
Investment in subsidiary	9	-	-	-	4,921
Investment in jointly controlled entity	10	-	165,611	-	-
Other investment	11	5,000,000	5,000,000	5,000,000	5,000,000
Amount due from a subsidiary	12	-	-	-	21,821
Amount due from a jointly controlled entity	13	-	-	-	-
		16,806,156	18,007,028	16,806,156	17,868,159
Current assets					
Inventories	14	4,336,366	5,111,464	4,336,366	5,111,464
Trade receivables	15	4,752,413	5,197,183	4,752,413	5,197,183
Non-trade receivables, deposits and prepayments	16	83,834	275,686	83,834	275,686
Cash and cash equivalents	17	9,938,494	7,946,866	9,938,494	7,946,866
		19,111,107	18,531,199	19,111,107	18,531,199
TOTAL ASSETS		35,917,263	36,538,227	35,917,263	36,399,358
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	18	20,504,250	20,504,250	20,504,250	20,504,250
Treasury shares	19	(875,990)	(530,585)	(875,990)	(530,585)
Reserves	20	9,815,594	9,448,027	9,815,594	9,314,722
Total equity		29,443,854	29,421,692	29,443,854	29,288,387
Non-current liabilities					
Deferred tax liabilities	21	1,666,627	1,566,707	1,666,627	1,566,707
Provision for staff gratuity	22	1,466,558	1,384,297	1,466,558	1,384,297
		3,133,185	2,951,004	3,133,185	2,951,004
Current liabilities					
Trade payables	23	1,403,341	2,307,063	1,403,341	2,307,063
Amount due to Directors	24	162,000	162,000	162,000	162,000
Non-trade payables and accruals	25	973,889	1,067,653	973,889	1,062,089
Bills payable	26	194,828	-	194,828	-
Dividend payable		577,543	585,517	577,543	585,517
Tax payable		28,623	43,298	28,623	43,298
		3,340,224	4,165,531	3,340,224	4,159,967
TOTAL LIABILITIES		6,473,409	7,116,535	6,473,409	7,110,971
TOTAL EQUITY AND LIABILITIES		35,917,263	36,538,227	35,917,263	36,399,358

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

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2011

	Note	Share capital RM	Non-distributable Treasury shares RM	Distributable Retained profits RM	Total RM
Group					
At 1 January 2010		41,008,500	(1,120,914)	9,680,241	49,567,827
Total comprehensive income		-	-	2,419,099	2,419,099
Purchase of treasury shares		-	(339,671)	-	(339,671)
Dividends	27	-	-	(2,651,313)	(2,651,313)
Capital reduction		(20,504,250)	930,000	-	(19,574,250)
At 31 December 2010		20,504,250	(530,585)	9,448,027	29,421,692
Total comprehensive income		-	-	2,394,788	2,394,788
Purchase of treasury shares		-	(345,405)	-	(345,405)
Dividends	27	-	-	(2,027,221)	(2,027,221)
At 31 December 2011		20,504,250	(875,990)	9,815,594	29,443,854
Company					
At 1 January 2010		41,008,500	(1,120,914)	9,021,360	48,908,946
Total comprehensive income		-	-	2,944,675	2,944,675
Purchase of treasury shares		-	(339,671)	-	(339,671)
Dividends	27	-	-	(2,651,313)	(2,651,313)
Capital reduction		(20,504,250)	930,000	-	(19,574,250)
At 31 December 2010		20,504,250	(530,585)	9,314,722	29,288,387
Total comprehensive income		-	-	2,528,093	2,528,093
Purchase of treasury shares		-	(345,405)	-	(345,405)
Dividends	27	-	-	(2,027,221)	(2,027,221)
At 31 December 2011		20,504,250	(875,990)	9,815,594	29,443,854

Statements Of Cash Flows

For The Financial Year Ended 31 December 2011

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Cash flows from operating activities					
Profit/(Loss) before tax					
- continuing operation		3,227,041	3,205,447	3,337,342	3,709,980
- discontinued operations		(23,004)	(21,043)	-	-
Adjustments for:					
Bad debts written off					
- trade receivables		960	-	960	-
- amount due from subsidiary		-	-	50,390	-
Depreciation		1,539,605	1,519,159	1,539,605	1,519,159
Gain on disposal of a subsidiary	6	(123,514)	-	(284,204)	-
Gain on insurance claim		(1,675)	-	(1,675)	-
Impairment loss on financial assets					
- trade receivables		7,648	9,500	7,648	9,500
- amount due from jointly controlled entity		-	137,318	-	137,318
- investment in jointly controlled entity		-	152,009	-	-
Interest income		(200,272)	(598,769)	(200,272)	(598,769)
Inventory written off		19,035	11,380	19,035	11,380
Investment income		(139,855)	(132,147)	(139,855)	(132,147)
Loss on disposal of property, plant and equipment		-	192	-	192
Loss/(Gain) on unrealised foreign exchange		3,937	(5,240)	3,937	(5,240)
Property, plant and equipment written off		4,161	11,209	4,161	11,209
Provision for staff gratuity		87,436	145,945	87,436	145,945
Reversal of impairment loss on trade receivables no longer required		(125,231)	(121,968)	(125,231)	(121,968)
Share of loss in jointly controlled entity		-	352,525	-	-
Operating profit before working capital changes		4,276,272	4,665,517	4,299,277	4,686,559
Decrease/(Increase) in inventories		756,063	(624,101)	756,063	(624,101)
Decrease in receivables		753,182	655,474	753,182	655,474
(Decrease)/Increase in payables		(806,532)	644,757	(800,968)	645,536

Statements Of Cash Flows

For The Financial Year Ended 31 December 2011 (continued)

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Cash generated from operations		4,978,985	5,341,647	5,007,554	5,363,468
Insurance compensation received		3,088	-	3,088	-
Income tax paid		(724,004)	(577,690)	(724,004)	(577,690)
Staff gratuity paid		(5,175)	(27,084)	(5,175)	(27,084)
Net cash from operating activities		4,252,894	4,736,873	4,281,463	4,758,694
Cash flows from investing activities					
Advances to subsidiary		-	-	(28,569)	(21,821)
Interest income received		200,272	598,769	200,272	598,769
Investment income received		139,855	132,147	139,855	132,147
Proceeds from disposal of subsidiary	6	289,125	-	289,125	-
Proceeds from disposal of property, plant and equipment		-	50	-	50
Acquisition of property, plant and equipment		(509,918)	(183,391)	(509,918)	(183,391)
Net cash from investing activities		119,334	547,575	90,765	525,754
Cash flows from financing activities					
Dividend paid		(2,035,195)	(2,065,796)	(2,035,195)	(2,065,796)
Capital repayment		-	(19,574,250)	-	(19,574,250)
Purchase of treasury shares		(345,405)	(339,671)	(345,405)	(339,671)
Net cash used in financing activities		(2,380,600)	(21,979,717)	(2,380,600)	(21,979,717)
Net increase/(decrease) in cash and cash equivalents		1,991,628	(16,695,269)	1,991,628	(16,695,269)
Cash and cash equivalents at 1 January		7,946,866	24,642,135	7,946,866	24,642,135
Cash and cash equivalents at 31 December	(i)	9,938,494	7,946,866	9,938,494	7,946,866

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2011 (continued)

Notes:

(i) *Cash and cash equivalents*

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash and bank balances	2,438,494	446,866	2,438,494	446,866
Deposits with licensed banks	7,500,000	7,500,000	7,500,000	7,500,000
	<u>9,938,494</u>	<u>7,946,866</u>	<u>9,938,494</u>	<u>7,946,866</u>

Notes to the Financial Statements as at 31 December 2011

1. Summary of significant accounting policies

The financial statements of the Group and of the Company have been prepared under the historical cost convention other than as disclosed in the notes to financial statements and in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standard Board.

(a) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2011, the following new and amended FRS and IC Interpretations are mandatory for annual financial periods beginning on or after 1 January 2011.

Description	Effective for annual periods beginning on or after
• FRS 1, First-time Adoption of Financial Reporting Standards (Compiled Jan 2011)	1 July 2011
• FRS 3, Business Combinations (Compiled Apr 2011)	1 July 2010
• FRS 127, Consolidated and Separate Financial Statements (Compiled Jan 2011)	1 July 2010
• Amendment to FRSs (Improvements to FRSs 2010):	
- FRS 1, First-time Adoption of Financial Reporting Standards	1 January 2011
- FRS 1, First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 & Disclosures for First-time Adopter	1 January 2011
- FRS 1, First-time Adoption of Financial Reporting Standards – Additional Exemptions for First-time Adopter	1 January 2011
- FRS 2, Share-based Payment	1 July 2010
- FRS 2, Share-based Payment – Group Cash-settled Share-based Payment Transactions	1 January 2011
- FRS 3, Business Combinations	1 January 2011
- FRS 5, Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
- FRS 7, Financial Instruments: Disclosures	1 January 2011
- FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments	1 January 2011
- FRS 101, Presentation of Financial Statements	1 January 2011
- FRS 121, The Effects of Changes in Foreign Exchange Rates	1 January 2011
- FRS 128, Investments in Associates	1 January 2011
- FRS 131, Interests in Joint Ventures	1 January 2011
- FRS 132, Financial Instruments : Presentation	1 January 2011
- FRS 134, Interim Financial Reporting	1 January 2011
- Amendment to FRS 138, Intangible Assets (Revised)	1 July 2010
- FRS 139, Financial Instruments: Recognition and Measurement	1 January 2011
• IC Interpretation 4, Determining Whether an Arrangement contains a Lease	1 January 2011
• IC Interpretation 12, Service Concession Arrangements	1 July 2010
• IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation	1 July 2010

Notes to the Financial Statements as at 31 December 2011 (continued)

1. Summary of significant accounting policies (continued)

(a) Changes in accounting policies (continued)

Description	Effective for annual periods beginning on or after
• IC Interpretation 17, Distributions of Non-cash Assets to Owners	1 July 2010
• IC Interpretation 18, Transfer of Assets from Customers	1 January 2011
• Amendment to IC Interpretations:	
- IC Interpretation 9, Reassessment of Embedded Derivatives	1 July 2010
- IC Interpretation 13, Customer Loyalty Programmes	1 January 2011
- IC Interpretation 15, Agreements for the Construction of Real Estate	30 August 2010
• TR i-4, Shariah Compliant Sales Contracts	1 January 2011

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and Revised FRS 127, as well as the new disclosures required under the amendments to FRS 7, the adoption of the other standards and interpretations above did not have any effect on the financial performance or position of the Group and of the Company.

The effects of changes in accounting policy are described below:

Amendment to FRS 7, Financial Instruments: Disclosures

Amendments to the FRS 7, introduces additional disclosures to improve the information about fair value measurements and liquidity risk.

(a) Fair value hierarchy

The Group and the Company shall disclose for each class of financial instruments the methods and, when a valuation technique is used, the assumptions applied in determining fair values of each class of financial assets or financial liabilities. If there has been a change in valuation technique, the Group and the Company shall disclose that change and the reasons for making it.

In addition, the Group and the Company shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Notes to the Financial Statements as at 31 December 2011 (continued)

1. Summary of significant accounting policies (continued)

(a) Changes in accounting policies (continued)

(b) Liquidity risk

The Group and the Company shall disclose:

- (i) A maturity analysis for non-derivative financial liabilities (including issued financial guarantee contracts) that shows the remaining contractual maturities;
- (ii) A maturity analysis for derivative financial liabilities. The maturity analysis shall include the remaining contractual maturities for those derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows; and
- (iii) A description of how it manages the liquidity risk inherent in (i) and (ii) above.

The additional disclosures are included in the note to the financial statements for the year ended 31 December 2011. Comparative figures have not been presented for 31 December 2010 by virtue of paragraph 44G of FRS 7.

Revised FRS 3, Business Combinations and Revised FRS 127, Consolidated and Separate Financial Statements

The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 January 2011.

The FRS requires the acquirer, having recognised the identifiable assets, the liabilities and any non-controlling interests, to identify any difference between:

- (i) The aggregate of the fair value of consideration transferred, any non-controlling interest in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and
- (ii) The net identifiable assets acquired.

The difference will, generally, be recognised as goodwill. If the acquirer has made a gain from a bargain purchase that gain is recognised in profit or loss.

Revised FRS 127 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gain or loss. Furthermore, the standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

Other consequential amendments have been made to FRS 107, Statements of Cash Flows, FRS 112, Income Taxes, FRS 121, The Effects of Changes in Foreign Exchange Rates, FRS 128, Investments in Associates and FRS 131, Interests in Joint Ventures.

The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

Notes to the Financial Statements as at 31 December 2011 (continued)

1. Summary of significant accounting policies (continued)

(b) Standards issued but not yet effective

The Group 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
• FRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2013
• FRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2013
• FRS 10, Consolidated Financial Statements	1 January 2013
• FRS 11, Joint Arrangements	1 January 2013
• FRS 12, Disclosure of Interests in Other Entities	1 January 2013
• FRS 13, Fair Value Measurement	1 January 2013
• FRS 119, Employee Benefits	1 January 2013
• FRS 124, Related Party Disclosures	1 January 2012
• FRS 127, Separate Financial Statements	1 January 2013
• FRS 128, Investments in Associates and Joint Ventures	1 January 2013
• Amendment to FRSs (Improvements to FRSs 2010):	
- FRS 1, First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
- FRS 7, Financial Instruments: Disclosures – Transfers of Financial Assets	1 January 2012
- FRS 101, Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	1 July 2012
- FRS 112, Income Taxes – Deferred Tax: Recovery of Underlying Assets	1 January 2012
• IC Interpretation 15, Agreements for the Construction of Real Estate	1 January 2012
• IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
• IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
• Amendments to IC Interpretations	
- IC Interpretation 14, Prepayments of a Minimum Funding Requirement	1 July 2011

The Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

Following the issuance of Malaysian Financial Reporting Standards (“MFRS”) and IC Interpretations by Malaysian Accounting Standard Board on 19 November 2011, the Group’s and the Company’s next set of financial statements will be prepared in accordance with International Financial Reporting Standards Framework. The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group and the Company.

Notes to the Financial Statements as at 31 December 2011 (continued)

1. Summary of significant accounting policies (continued)

(c) 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 Group and 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 Group 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.

(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 Group 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 Group 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

Notes to the Financial Statements as at 31 December 2011 (continued)

1. Summary of significant accounting policies (continued)

(c) Critical accounting estimates and judgements (continued)

amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(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) *Impairment of Available-for-sale Financial Assets*

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(viii) *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 Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(ix) *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 statements of financial position date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the statements of financial position 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 statements of comprehensive income in the period in which actual realisation and settlement occurs.

Notes to the Financial Statements as at 31 December 2011 (continued)

1. Summary of significant accounting policies (continued)

(d) Basic of consolidation

(i) *Subsidiary*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiary are accounted for at cost less any impairment losses.

The accounting policies of subsidiary are changed when necessary to align them with the policies adopted by the Group.

(ii) *Accounting for business combinations*

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the reporting date. Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases.

The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Acquisitions of subsidiary are accounted for by applying the acquisition method.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 January 2011, the Group has applied Revised FRS 3, Business Combinations, in accounting for business combinations.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- ✓ The fair value of the consideration transferred; plus
- ✓ The recognised amount of any non-controlling interests in the acquiree; plus
- ✓ If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- ✓ The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Cost related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Notes to the Financial Statements as at 31 December 2011 (continued)

1. Summary of significant accounting policies (continued)

(d) Basic of consolidation (continued)

Acquisitions on or after 1 January 2011 (continued)

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and / or future service.

Acquisitions between 1 January 2006 to 1 January 2011

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income.

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in statement of comprehensive income on the date of acquisition.

When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Acquisitions prior to 1 January 2006

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) *Jointly-controlled entity*

A jointly controlled entity is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Notes to the Financial Statements as at 31 December 2011 (continued)

1. Summary of significant accounting policies (continued)

(d) **Basic of consolidation** (continued)

(iii) *Jointly-controlled entity (continued)*

The Group recognises its interest in jointly controlled entity using the equity method. Under the equity method, the investment in the jointly controlled entity is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the jointly controlled entity.

When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, the Group does not recognise further losses.

The financial statements of the jointly controlled entity are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies to be in line with those of the Group.

In the Company's separate financial statements, its investment in jointly controlled entity is stated at cost less any impairment losses. On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

(iv) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates and jointly controlled entities. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(e) **Foreign currencies**

(i) *Functional and presentation currency*

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

(ii) *Foreign currency transactions*

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

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.

Notes to the Financial Statements as at 31 December 2011 (continued)

1. Summary of significant accounting policies (continued)

(e) Foreign currencies (continued)

(ii) Foreign currency transactions (continued)

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 Group and Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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.

(iii) Foreign operation

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at average exchange rates for the year, which approximates the exchange rate at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

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

	2011 RM	2010 RM
1 Singapore Dollar	2.435	2.384
1 United States Dollar	3.167	3.083
1 Brunei Dollar	2.439	2.388
1 Remminbi	0.503	0.467

(f) Revenue

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

Notes to the Financial Statements as at 31 December 2011 (continued)

1. Summary of significant accounting policies (continued)

(f) **Revenue** (continued)

(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 measurement involvement with the goods.

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

(ii) *Interest income*

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

(g) **Employee benefits**

(i) *Short-term Benefits*

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

(ii) *Defined contribution plans*

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

(h) **Borrowing costs**

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

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

(i) **Tax expense**

(i) *Current tax*

Current tax assets and liabilities are measured at the amount expected to be recovered

Notes to the Financial Statements as at 31 December 2011 (continued)

1. Summary of significant accounting policies (continued)

(i) **Tax expense** (continued)

(i) *Current tax (continued)*

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 by 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.

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.

(iii) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

Notes to the Financial Statements as at 31 December 2011 (continued)

1. Summary of significant accounting policies (continued)

(i) Tax expense (continued)

(iii) Sales tax (continued)

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(j) Impairment

(i) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other 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 Group and the Company consider 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 Group's and 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.

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.

(ii) Impairment of non-financial assets

The Group and 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 Group and the Company makes an estimate of the asset's recoverable amount.

Notes to the Financial Statements as at 31 December 2010 (continued)

1. Summary of significant accounting policies (continued)

(j) **Impairment** (continued)

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

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.

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.

(k) **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 Group and 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 Group and 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.

Notes to the Financial Statements as at 31 December 2011 (continued)

1. Summary of significant accounting policies (continued)

(k) **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 value 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.

(l) **Financial assets**

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become 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 Group and the Company determine 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.

(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

Notes to the Financial Statements as at 31 December 2011 (continued)

1. Summary of significant accounting policies (continued)

(I) Financial assets (continued)

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

as current whereas financial assets that is 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.

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group 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 Group and the Company's right to receive payment is established.

Notes to the Financial Statements as at 31 December 2011 (continued)

1. Summary of significant accounting policies (continued)

(l) **Financial assets** (continued)

(iv) Available-for-sale financial assets (continued)

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.

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 Group and the Company commit to purchase or sell the asset.

(m) **Inventories**

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

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

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

(n) **Cash and cash equivalents**

Cash and cash equivalents comprise 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 value. These also include bank overdrafts that form an integral part of the Group's cash management.

(o) **Non-current assets (or Disposal Group) classified as held for sale/discontinued operation**

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRS. Then, on initial classification as held for sale, non-current assets or disposal group (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower

Notes to the Financial Statements as at 31 December 2011 (continued)

1. Summary of significant accounting policies (continued)

(o) **Non-current assets (or Disposal Group) classified as held for sale/discontinued operation** (continued)

of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed off and such a component represents a separate major line of business or geographical area of operations, is part of a single coordinated major line of business or geographical operations or is a subsidiary acquired exclusively with a view to resale.

The Group re-presents the comparative figures in the Statement of Comprehensive Income and Statement of Cash Flows so that the disclosures relate to all operations that have been discontinued as at the reporting date as disclosed in Note 6 to the financial statements.

(p) **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, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become 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.

(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 Group and 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 Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other financial liabilities

The Group's and 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.

Notes to the Financial Statements as at 31 December 2011 (continued)

1. Summary of significant accounting policies (continued)

(p) **Financial liabilities** (continued)

(ii) Other financial liabilities (continued)

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.

(q) **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.

(r) **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.

A financial guarantee contract is considered a contingent liability in accordance with FRS 4 Insurance Contracts.

(s) **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability and the present value of the expenditure expected to be required to settle the obligation.

(t) **Contingencies**

A Contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

Notes to the Financial Statements as at 31 December 2011 (continued)

1. Summary of significant accounting policies (continued)

(u) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services. The management of the Company regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

(v) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

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.

2. Revenue

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

3. Employee benefits expense

(a) Staff costs

	Group and Company	
	2011	2010
	RM	RM
Salaries, wages, allowances, bonus and overtime	1,773,909	1,870,985
Contributions to defined contribution plan	196,019	198,418
Social security contributions	20,869	21,223
Other benefits	276,285	302,595
	<hr/>	<hr/>
	2,267,082	2,393,221
	<hr/>	<hr/>

(b) Directors' remuneration

Directors of the Company:*

Executive:

Salaries and other emoluments	450,854	473,250
Contribution to defined contribution plan	99,188	104,115
Social security contributions	620	620
Fees	36,000	36,000
Other benefits - leave passage	18,000	18,000
Estimated money value of benefits-in-kind	18,625	18,625
	<hr/>	<hr/>
	623,287	650,610
	<hr/>	<hr/>

Notes to the Financial Statements as at 31 December 2011 (continued)

3. Employee benefits expense (continued)

(b) Directors' remuneration (continued)

	Group and Company	
	2011	2010
	RM	RM
Non-executive Fee	126,000	126,000
Total Directors' remuneration	749,287	776,610
Total excluding benefits-in-kind	730,662	757,985
Total staff costs	2,997,744	3,151,206

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

	Numbers of Directors	
	2011	2010
	RM	RM
Executive Directors:		
Below RM50,000	-	-
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
Above RM150,000 to RM600,000	2	2
	2	2
Non-executive Directors:		
Below RM50,000	7	7
RM50,001 to RM100,000	-	-
	7	7

The total number of employees, inclusive of executive Directors, of the Group and of the Company as at the end of the financial year is 85 (2010: 90).

Notes to the Financial Statements as at 31 December 2011 (continued)

4. Operating profits

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Operating profits is arrived at after charging/(crediting):				
Auditors' remuneration				
- Statutory audit	34,488	33,565	28,000	28,000
- Non-statutory audit	6,000	6,000	6,000	6,000
Bad debts written off				
- Trade receivables	960	-	960	-
- Amount due from subsidiary	-	-	50,390	-
Depreciation	1,539,605	1,519,159	1,539,605	1,519,159
Gain on disposal of a subsidiary	(123,514)	-	(284,204)	-
Gain on insurance claim	(1,675)	-	(1,675)	-
(Gain)/Loss on foreign exchange				
- realised	(30,964)	(29,943)	(30,964)	(29,943)
- unrealised	3,937	(5,240)	3,937	(5,240)
Impairment loss on financial assets				
- Trade receivables	7,648	9,500	7,648	9,500
- Amount due from jointly controlled entity	-	137,318	-	137,318
- Investment in jointly controlled entity	-	152,009	-	-
Interest income	(200,272)	(598,769)	(200,272)	(598,769)
Inventories written off	19,035	11,380	19,035	11,380
Investment income	(139,855)	(132,147)	(139,855)	(132,147)
Loss on disposal of property, plant and equipment	-	192	-	192
Property, plant and equipment written off	4,161	11,209	4,161	11,209
Provision for staff gratuity	87,436	145,945	87,436	145,945
Reversal of impairment loss on trade receivables no longer required	(125,231)	(121,968)	(125,231)	(121,968)

Notes to the Financial Statements as at 31 December 2011 (continued)

5. Tax expense

	Group/Company	
	2011	2010
	RM	RM
Current tax expense		
- current year	694,455	708,299
- under/(over) provision in prior years	14,874	(4,109)
	<u>709,329</u>	<u>704,190</u>
Deferred tax expense (Note 21)		
- current year	104,300	78,720
- over provision in prior years	(4,380)	(17,605)
	<u>99,920</u>	<u>61,115</u>
	<u>809,249</u>	<u>765,305</u>

Reconciliation of effective tax expense

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Profit /(Loss) before tax				
- continuing operation	3,227,041	3,205,447	3,337,342	3,709,980
- discontinued operations	(23,004)	(21,043)	-	-
	<u>3,204,037</u>	<u>3,184,404</u>	<u>3,337,342</u>	<u>3,709,980</u>
Tax at Malaysian tax rates of 25%	801,009	796,100	834,336	927,495
Non-deductible expenses	77,726	387,100	77,726	153,281
Non-taxable income	(72,689)	(135,461)	(106,016)	(33,037)
Double deduction	(7,291)	(260,720)	(7,291)	(260,720)
	<u>798,755</u>	<u>787,019</u>	<u>798,755</u>	<u>787,019</u>
Overprovision of deferred tax in prior year	(4,380)	(17,605)	(4,380)	(17,605)
Under/(Over) provision of current tax in prior year	14,874	(4,109)	14,874	(4,109)
	<u>809,249</u>	<u>765,305</u>	<u>809,249</u>	<u>765,305</u>

Notes to the Financial Statements as at 31 December 2011 (continued)

6. Disposal group classified as discontinued operation

On 20 December 2011, the Company disposed 10,000 Ordinary Shares of Advanced Packaging Investments (H.K.) Limited ("APIHK") to China New Fuel Co. Limited. The comparative Consolidated Statement of Comprehensive Income has been presented to show the discontinued operations separately from continuing operation:

- (a) The summary of the effects of the disposal of APIHK on the financial position of the Group is as follows:

	Group 2011 RM	Company 2011 RM
Net assets of discontinued operations:		
Investment in subsidiary	-	4,921
Investment in a jointly controlled entity	165,611	-
Attributable net assets of discontinued operations	165,611	4,921
Gain on disposal of a subsidiary	123,514	284,204
Proceeds from disposal of subsidiary	289,125	289,125

- (b) An analysis of the financial performance of discontinued operations are as follows (after eliminating inter-company transactions):

	2011 RM	2011 RM
Other income	25	59
Administrative expenses	(23,029)	(21,102)
Loss before tax	(23,004)	(21,043)
Tax expense	-	-
Loss for the financial year	(23,004)	(21,043)

- (c) The following amounts have been included in arriving at loss before tax of discontinued operations:

	2011 RM	2011 RM
Auditor's remuneration	6,488	5,565
Realised exchange gain on foreign exchange	(25)	(59)

Notes to the Financial Statements as at 31 December 2011 (continued)

6. Disposal group classified as discontinued operation (continued)

- (d) The cash flows attributable to the disposal group classified as held for sale and discontinued operations is as follows:

	Group 2011 RM	Company 2010 RM
Net cash from operating activities	-	-
Net cash from investing activities	-	-
Net cash from financing activities	-	21,043
	<hr/>	<hr/>
Net cash from discontinued activities	-	21,043
	<hr/>	<hr/>

7. Basic average earnings per ordinary share

Basic average earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent 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:

	2011	2010
Total comprehensive income attributable to owners of the Company (RM)	<hr/> 2,394,788	<hr/> 2,419,099
Weighted average number of ordinary shares in issue, net of treasury shares	<hr/> 19,359,859	<hr/> 36,083,206
Basic earning per share (sen)	<hr/> 12.37	<hr/> 6.70

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

Notes to the Financial Statements as at 31 December 2011 (continued)

8. Property, plant and equipment

2011 Group and Company	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	5,214,181	27,109,185	530,304	1,119,959	34,712,629
Additions	-	-	502,464	7,454	-	509,918
Disposals	-	-	-	(5,650)	-	(5,650)
Written off	-	-	(90,647)	(23,906)	-	(114,553)
At 31 December	739,000	5,214,181	27,521,002	508,202	1,119,959	35,102,344
Accumulated depreciation						
At 1 January	190,355	1,990,688	18,189,113	459,047	1,042,009	21,871,212
Charge for the financial year	7,390	125,428	1,333,995	18,825	53,967	1,539,605
Disposals	-	-	-	(4,237)	-	(4,237)
Written off	-	-	(86,789)	(23,603)	-	(110,392)
At 31 December	197,745	2,116,116	19,436,319	450,032	1,095,976	23,296,188
Net book value						
At 31 December	541,255	3,098,065	8,084,683	58,170	23,983	11,806,156

Notes to the Financial Statements as at 31 December 2011 (continued)

8. Property, plant and equipment (continued)

2010 Group and Company	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	5,062,882	27,148,187	539,629	1,119,959	34,609,657
Additions	-	151,299	17,147	14,945	-	183,391
Disposals	-	-	-	(1,530)	-	(1,530)
Written off	-	-	(56,149)	(22,740)	-	(78,889)
At 31 December	<u>739,000</u>	<u>5,214,181</u>	<u>27,109,185</u>	<u>530,304</u>	<u>1,119,959</u>	<u>34,712,629</u>
Accumulated depreciation						
At 1 January	182,965	1,877,045	16,935,008	461,741	964,262	20,421,021
Charge for the financial year	7,390	113,643	1,300,089	20,290	77,747	1,519,159
Disposals	-	-	-	(1,288)	-	(1,288)
Written off	-	-	(45,984)	(21,696)	-	(67,680)
At 31 December	<u>190,355</u>	<u>1,990,688</u>	<u>18,189,113</u>	<u>459,047</u>	<u>1,042,009</u>	<u>21,871,212</u>
Net book value						
At 31 December	<u>548,645</u>	<u>3,223,493</u>	<u>8,920,072</u>	<u>71,257</u>	<u>77,950</u>	<u>12,841,417</u>

Notes to the Financial Statements as at 31 December 2011 (continued)

8. Property, plant and equipment (continued)

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

Group and Company	2011 RM	2010 RM
At cost:		
Plant, machinery and tools	11,250,588	11,232,030
Furniture, fittings and equipment	372,883	380,111
Motor vehicles	981,395	806,341
Building	11,863	11,863
	<u>12,616,729</u>	<u>12,430,345</u>

9. Investment in subsidiary

	Company 2011 RM	2010 RM
Unquoted shares at cost	-	4,921

The details of the subsidiary are as follows:

Name of company	Place of incorporation	Percentage of equity held		Principal activities
		2011	2010	
Advanced Packaging Investments (H.K.) Limited*	Hong Kong	0%	100%	Investment holding company

* The Auditors' Report on the financial statements of this subsidiary is audited by other member firms of PKF International, for the financial year ended 31 December 2011 is unqualified.

On 20 December, 2011, Advanced Packaging Technology (M) Bhd had entered into a Sale and Purchase of Shares Agreement ("the Agreement") with China New Fuel Co. Limited to dispose off its 10,000 ordinary shares of HK\$1 each held in the Company. The sales consideration was subsequently received in the same year.

As such, at the end of the financial year, the Company has derecognised the assets and liabilities of Advanced Packaging Investments (H.K.) Limited.

Notes to the Financial Statements as at 31 December 2011 (continued)

10. Investment in jointly controlled entity

	Group	
	2011 RM	2010 RM
Share of net assets of jointly controlled entity	-	165,611
Unquoted shares, at cost	-	6,531,363
Share of loss	-	(6,050,414)
	-	480,949
Less: Impairment losses	-	(315,338)
	-	165,611

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

	Group	
	2011 RM	2010 RM
Long term assets	-	211,722
Net current liability	-	(46,111)
	-	165,611

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

	Group	
	2011 RM	2010 RM
Revenue	-	-
Expenses	-	(352,525)
Operating loss	-	(352,525)

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

On 20 December 2011, the Company derecognised the assets and liabilities in its wholly-owned subsidiary to China New Fuel Co. Limited. As such, at the end of the financial year, Dalian Advanced Cement Co. Ltd. ("DACC") is no longer a jointly controlled entity of the Company.

Notes to the Financial Statements as at 31 December 2011 (continued)

10. Investment in jointly controlled entity (continued)

Details of the jointly controlled entity are as follows:

Name	Principal activities	Proportion of ownership interest equity held	
		2011	2010
Dalian Advanced Cement Co. Ltd. #	The Company has not commenced operations. The intended principal activities are that of production and sales of clinker and cement	0%	25%
# Held by Advanced Packaging Investments (H.K.) Limited.			

The Auditors' Report on the financial statements of the jointly controlled entity for the financial year ended 31 December 2011 has been qualified on the basis that the current project plan for the production and sales of clinker and cement does not fulfill the requirements of the new Industrial Policy in the People's Republic of China that was implemented during the financial year ended 2010. The fulfillment of the new Industrial Policy would require further fund injections and amendments to the construction plans. The management have not provided an appropriate plan for the continuation of the project to the auditors and as such, the auditors were not able to perform any further audit procedures and obtain sufficient and appropriate audit evidence to ascertain the continuity of the project.

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

11. Other investment

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

The other investments as at 31 December 2011 have an interest rate ranging from 2.75% to 2.95% (2010: 2.70% to 2.95%) per annum.

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

As at the reporting date, the manager's price is equivalent to its carrying value.

12. Amount due from a subsidiary

	Company	
	2011 RM	2010 RM
Amount due from a subsidiary	-	7,349,494
Less: allowance for impairment	-	(7,327,673)
	-	21,821

The amount due from a subsidiary is unsecured, interest-free and repayable on demand.

Bad debts amounting to RM7,327,673 (2010: RM Nil) of the Company were written off against allowance for impairment during the financial year.

Notes to the Financial Statements as at 31 December 2011 (continued)

13. Amount due from a jointly controlled entity

	Group and Company	
	2011	2010
	RM	RM
Amount due from a jointly controlled entity		
At 1 January	137,318	137,318
Transferred to non-trade receivables (Note 16)	(137,318)	-
At 31 December	-	137,318
Less: Allowance for impairment		
At 1 January	137,318	137,318
Transferred to non-trade receivables (Note 16)	(137,318)	-
At 31 December	-	(137,318)
	<hr/>	<hr/>
	-	-

Amount due from a jointly controlled entity is unsecured, interest-free advances and repayable on demand.

14. Inventories

	Group and Company	
	2011	2010
	RM	RM
At cost:		
Raw materials	3,033,153	3,463,257
Work-in-progress	417,466	431,298
Finished goods	346,969	552,841
Consumables	189,691	188,139
Goods in-transit	349,087	475,929
	<hr/>	<hr/>
	4,336,366	5,111,464

15. Trade receivables

	Group and Company	
	2011	2010
	RM	RM
Trade receivables	5,217,852	5,780,205
Allowance for impairment		
- Individual impaired	15,439	133,022
- Collectively impaired	450,000	450,000
	<hr/>	<hr/>
	(465,439)	(583,022)
	<hr/>	<hr/>
	4,752,413	5,197,183

Notes to the Financial Statements as at 31 December 2011 (continued)

15. Trade receivables (continued)

The movement of the allowance accounts used to record the impairment are as follows:

	Group and Company	
	2011	2010
	RM	RM
Allowance for impairment:		
As 1 January	583,022	695,490
Additions	7,648	9,500
Written off	-	(713)
Reversal of impairment loss	(125,231)	(121,255)
As 31 December	<u>465,439</u>	<u>583,022</u>

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

16. Non-trade receivables, deposits and prepayments

	Group and Company	
	2011	2010
	RM	RM
Non-trade receivables	145,443	15,100
Deposits	18,640	19,408
Prepayments	16,254	201,617
Others	40,815	39,561
	<u>221,152</u>	<u>275,686</u>
Less: allowance for impairment (Note 10)	(137,318)	-
	<u>83,834</u>	<u>275,686</u>

Included under non-trade receivables of the Group and of the Company are:

- (i) staff loan of RM8,125 (2010: RM14,762) which bear interest of 4% (2010: 4%) per annum.
- (ii) outstanding amount transferred from amount due from jointly controlled entity of RM137,318 upon disposal of Advanced Packaging Investments (H.K.) Limited ("the subsidiary") of the Company as disclosed in Note 10.

Notes to the Financial Statements as at 31 December 2011 (continued)

17. Cash and cash equivalents

	Group and Company	
	2011	2010
	RM	RM
Deposits placed with licensed banks	7,500,000	7,500,000
Cash and bank balances	2,438,494	446,866
	<u>9,938,494</u>	<u>7,946,866</u>

Deposits placed with licensed banks have maturity range from 30 days to 360 days (2010: 2 days to 360 days).

The deposits as at 31 December 2011 have an interest rate ranging from 2.85% to 3.20% (2010: 2.00% to 2.95%) per annum.

18. Share capital

	Group and Company			
	2011	2010	2011	2010
	Number of Ordinary Share		RM	RM
Ordinary Shares of RM1.00 each:				
Authorised:				
At 1 January/31 December	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid:				
At 1 January	20,504,250	41,008,500	20,504,250	41,008,500
Capital reduction	-	(20,504,250)	-	(20,504,250)
At 31 December	<u>20,504,250</u>	<u>20,504,250</u>	<u>20,504,250</u>	<u>20,504,250</u>

In the previous financial year, the Company completed a capital reduction exercise pursuant to Section 64 of the Companies Act, 1965 to reduce the Company's issued and paid-up capital from 41,008,500 Ordinary Shares of RM1.00 each as of 25 November 2010 to 20,504,250 Ordinary Shares of RM1.00 each by way of:

- Capital repayment of RM0.50 for every one (1) Ordinary Share of RM1.00 held by the entitled shareholders and;
- Consolidation of the entire issued and paid-up share capital of 41,008,500 Ordinary Shares of RM0.50 each via the consolidation of two (2) Ordinary Shares of RM0.50 each into one (1) Ordinary Share of RM1.00 each.

At the end of the previous financial year, the issued and paid-up share capital of the Company were RM20,504,250 comprising 20,504,250 Ordinary Shares of RM1.00 each.

Notes to the Financial Statements as at 31 December 2011 (continued)

19. Treasury shares

	2011	Group and Company		2010
	Number of Ordinary Share	2010	2011	2010
			RM	RM
At 1 January	987,016	1,655,000	530,585	1,120,914
Share purchased during the financial year	265,800	262,016*	345,405	339,671
Capital reduction	-	(930,000)	-	(930,000)
At 31 December	1,252,816	987,016	875,990	530,585

- (i) As at 31 December 2011, the number of outstanding Ordinary Shares in issue after deducting the treasury shares is 19,251,434 (2010: 19,517,234).
- (ii) During the financial year, the Company repurchased a total of 265,800 Ordinary Shares (2010: 205,000 before and 57,000 after capital reduction exercise) of its issued Ordinary Shares from the open market on Bursa Malaysia for RM345,405 (2010: RM254,911 and RM84,760 respectively). The average price paid for the shares repurchased was approximately RM1.30 (2010: RM1.24 and RM1.49 respectively) per share.

*The fractional shares of 16 Ordinary Shares of RM1.00 each arising from the consolidation of two Ordinary Shares of RM0.50 each into one Ordinary Shares of RM1.00 each in the share capital of the Company was credited into the Company's Share Buy-Back Account on 8 November 2010.

The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of Companies Act, 1965. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. Other than disclosed below, none of the treasury shares repurchased has been sold or cancelled as at 31 December 2011 other than as part of the capital reduction exercise in the previous financial year.

- (iii) During the previous financial year, the Company completed the capital reduction exercise pursuant to Section 64 of the Companies Act, 1965 to reduce the Company's issued and paid-up capital from 41,008,500 Ordinary Shares of RM1.00 each as of 25 November 2010 to 20,504,250 Ordinary Shares of RM1.00 each.

Due to the abovementioned exercise, the treasury shares of the Company have been reduced by 930,000 ordinary shares.

Notes to the Financial Statements as at 31 December 2011 (continued)

20. Reserves

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Distributable:				
Retained profits	9,815,594	9,448,027	9,815,594	9,314,722

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

The Company did not elect for the irrevocable option to disregard its Section 108 account balance. Accordingly, during the transitional period, the Company may utilise its credits available in its Section 108 account as at 31 December 2011 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act, 2007. As at 31 December 2011, the Company has tax exempt profits available for distribution, sufficient credit in its Section 108 account and tax exempt income account to frank dividends out of its entire retained profits.

The retained earnings as at reporting date may be analysed as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Realised	9,919,451	9,503,902	9,919,451	9,370,597
Unrealised	(103,857)	(55,875)	(103,857)	(55,875)
	9,815,594	9,448,027	9,815,594	9,314,722

21. Deferred tax liabilities

	Group and Company	
	2011 RM	2010 RM
At 1 January	1,566,707	1,505,592
Transferred from Statements of Comprehensive income (Note 5)	99,920	61,115
At 31 December	1,666,627	1,566,707

Notes to the Financial Statements as at 31 December 2011 (continued)

21. Deferred tax liabilities (continued)

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

	Property, plant and equipment RM
Deferred tax liabilities of the Group and of the Company:	
At 1 January 2011	2,034,768
Recognised in Statement of Comprehensive Income	123,489
	<hr/>
At 31 December 2011	2,158,257
	<hr/>
At 1 January 2010	1,954,271
Recognised in Statement of Comprehensive Income	80,497
	<hr/>
At 31 December 2010	2,034,768
	<hr/>
	Provision RM
Deferred tax assets of the Group and the Company:	
At 1 January 2011	468,061
Recognised in Statement of Comprehensive Income	23,569
	<hr/>
At 31 December 2011	491,630
	<hr/>
At 1 January 2010	448,679
Recognised in Statement of Comprehensive Income	19,382
	<hr/>
At 31 December 2010	468,061
	<hr/>

Notes to the Financial Statements as at 31 December 2011 (continued)

22. Provision for staff gratuity

	Group and Company	
	2011	2010
	RM	RM
At 1 January	1,384,297	1,265,436
Current year's provision	87,436	145,945
	<hr/>	<hr/>
Amount paid during the year	1,471,733 (5,175)	1,411,381 (27,084)
	<hr/>	<hr/>
At 31 December	<u>1,466,558</u>	<u>1,384,297</u>

23. Trade payables

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

24. Amounts due to Directors

This represents unsecured Directors' fees, which is interest-free and normally settled within one (1) year.

25. Non-trade payables and accruals

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Non-trade payables	321,927	322,158	321,927	316,594
Accruals	651,962	745,495	651,962	745,495
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>973,889</u>	<u>1,067,653</u>	<u>973,889</u>	<u>1,062,089</u>

26. Bills payable

	Group and Company	
	2011	2010
	RM	RM
Bills payable - secured	194,828	-
	<hr/>	<hr/>

The bills payable are secured by a negative pledge covering the Group's and the Company's unencumbered assets.

Notes to the Financial Statements as at 31 December 2011 (continued)

27. Dividends

Dividends recognised by the Company are:

	Gross dividend per share sen	Amount of dividend net of tax RM	Date of payment
In respect of financial year ended 31 December 2010:			
Final dividend for the financial year ended 31 December 2009	7.00	2,065,796	15 July 2010
Interim dividend for the financial year ended 31 December 2010	4.00	585,517	21 Feb 2011
		<u>2,651,313</u>	
In respect of financial year ended 31 December 2011:			
Final dividend for the financial year ended 31 December 2010	10.00	1,450,818	19 July 2011
Interim dividend for the financial year ended 31 December 2011	4.00	577,543	16 January 2012
		<u>2,028,361</u>	
Adjustment for prior year paid dividend		(1,140)	
		<u>2,027,221</u>	

The Directors recommend a final dividend of 10% less tax of 25% totaling RM1,443,858 subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company. These financial statements do not reflect this final dividend which will only be accrued as a liability when approved by shareholders.

28. Significant related party transaction

Name of company	Type of transaction	Transaction value 2011 RM	2010 RM	Balance outstanding as at 31 December	
				2011 RM	2010 RM
With subsidiary: Advanced Packaging Investments (H.K.) Limited	Advances	28,569	21,821	-	21,821
	Write off	50,390			

Information regarding the outstanding balance arising from the subsidiary is disclosed in Note 9. The Directors are of the opinion that the terms and conditions and prices of the above transactions are not materially different from that obtainable in transactions with unrelated parties.

Notes to the Financial Statements as at 31 December 2011 (continued)

29. Segmental information

(a) *Business segments*

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

(b) *Geographical segments*

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

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

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

	Malaysia		Outside Malaysia		Consolidated	
	2011	2010	2011	2010	2011	2010
	RM	RM	RM	RM	RM	RM
Segmental assets by location of assets						
- continued operation	35,917,263	36,372,616	-	-	35,917,263	36,372,616
- discontinued operations	-	-	-	165,611	-	165,611
	<u>35,917,263</u>	<u>36,372,616</u>	<u>-</u>	<u>165,611</u>	<u>35,917,263</u>	<u>36,538,227</u>

(c) *Major Customers*

Revenues from two customers amounting to RM9,010,539 (2010: RM9,179,765), arising from sales of the flexible packaging materials.

30. Contingent liability

	Group and Company	
	2011	2010
	RM	RM
Bank guarantee given by financial institution to third party	141,800	125,400
Documentary credit	<u>514,780</u>	<u>-</u>

Notes to the Financial Statements as at 31 December 2011 (continued)

31. Capital commitment

Capital expenditure not provided for in the financial statements are as follows:

	Group and Company	
	2011	2010
	RM	RM
Authorised and contracted for	-	275,433

32. Financial instruments

Financial risk management objectives and policies

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

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

Credit risk

The Group and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group and 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 Group and 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 have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 6 major customers which constituted approximately 69% of its trade receivables as at the end of the reporting period.

Exposure to credit risk

As the Group 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.

Notes to the Financial Statements as at 31 December 2011 (continued)

32. Financial instruments (continued)

Credit risk (continued)

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

	Group and Company 2011 RM	2010 RM
Malaysia	4,752,413	5,197,183

Ageing analysis

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

Group and Company 2011	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
Not past due :	1,777,268	-	-	1,777,268
Past due:				
- less than 3 months	3,376,906	-	(401,761)	2,975,145
- more than 3 months	63,678	(15,439)	(48,239)	-
	5,217,852	(15,439)	(450,000)	4,752,413

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

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 Group. The Groups 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 Group 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.

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 Group's and Company's exposure to interest rate risk arises mainly from interest-earning financial assets and liabilities. The Group's and Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group and the Company will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's and Company's exposure to the interest rate risk of the financial liabilities is disclosed in their respective notes to the financial statements.

Notes to the Financial Statements as at 31 December 2011 (continued)

32. Financial instruments (continued)

Credit risk (continued)

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:

	Group and Company	
	2011	2010
	Increase / (Decrease)	Increase / (Decrease)
	RM	RM
Effects on profit after taxation		
Increase of 10 basis point ("bp")	7,500	7,500
Decrease of 10 basis point ("bp")	(7,500)	(7,500)

Market risk

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

Foreign exchange risk

The Group and the Company incur foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to these risks are US Dollars and Singapore Dollar. The exposure of foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level.

The Group also has subsidiary incorporated in foreign country, of which has been disposed during the year. The main currency exposures are Hong Kong Dollar and Renminbi.

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

	United States Dollar RM	Renminbi RM	Singapore Dollar RM
2011			
Financial liabilities			
Trade payables	479,553	-	-
Net currency exposure	(479,553)	-	-
2010			
Financial assets			
Investment in jointly controlled entity	-	165,611	-
	-	165,611	-
Financial liabilities			
Trade payables	859,676	-	1,946
Net currency exposure	(859,676)	165,611	(1,946)

Notes to the Financial Statements as at 31 December 2011 (continued)

32. Financial instruments (continued)

Foreign exchange risk (continued)

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:

	2011 %	2010 %	Group and Company 2011 RM Increase/ (Decrease)	2010 RM Increase/ (Decrease)
Effect on profit after tax				
USD / RM				
Strengthened by	2.72	9.22	(13,044)	(79,291)
Weakened by	2.72	9.22	13,044	79,291
SGD / RM				
Strengthened by	2.14	1.70	-	(33)
Weakened by	2.14	1.70	-	33
RMB / RM				
Strengthened by	7.71	6.13	-	10,145
Weakened by	7.71	6.13	-	(10,145)

Liquidity risk

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

33. Fair values

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

- 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.
- The fair value of other investments is estimated based on managers' price as at the end of the reporting period.

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:

	← 2011 → Carrying Amount RM	Fair value RM	← 2010 → Carrying amount RM	Fair value RM
Financial assets:-				
Other investment	5,000,000	5,000,000	5,000,000	5,000,000

Notes to the Financial Statements as at 31 December 2011 (continued)

33. Fair values (continued)

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).

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group and Company				
2011				
Financial asset				
Other investment	5,000,000	-	-	5,000,000

34. Capital Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total capital.

Net debt is calculated based on trade and non-trade payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The debt-to-equity ratio of the Company as at the end of the reporting period was as follows:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Trade payables	1,403,341	2,307,063	1,403,341	2,307,063
Amount due to Directors	162,000	162,000	162,000	162,000
Non-trade payables and Accruals	973,889	1,067,653	973,889	1,062,089
Dividend payable	577,543	585,517	577,543	585,517
Bills payable	194,828	-	194,828	-
	<u>3,311,601</u>	<u>4,122,233</u>	<u>3,311,601</u>	<u>4,116,669</u>
Less: Cash and cash equivalents	(9,938,494)	(7,946,866)	(9,938,494)	(7,946,866)
Net debt	(6,626,893)	(3,824,633)	(6,626,893)	(3,830,197)
Total equity	<u>29,443,854</u>	<u>29,421,692</u>	<u>29,443,854</u>	<u>29,288,387</u>
Total capital	<u>22,816,961</u>	<u>25,597,059</u>	<u>22,816,961</u>	<u>25,458,190</u>
Gearing ratio	(0.29)	(0.15)	(0.29)	(0.15)

Notes to the Financial Statements as at 31 December 2011 (continued)

35. General information

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

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

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

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

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

The financial statements were approved and authorised for issue by the Board of Directors on 26 April 2012.

List of the Properties as at 31 December 2011

Location/ Address	Description/ Existing Use	Land/ (Built-up) Area sq.m	Tenure	Age of Building	Net Book Value RM	Date of Acquisition
Location:						
Lot HS(M) 9617 PT11447 Mukim of Kajang Daerah Ulu Langat Selangor Darul Ehsan	Industrial Land erected with office, factory and warehouse premises / Own use	8,903 / 5,666	99 years leasehold Expiring on 29 September 2086	28 years old	3,639,320	3-5-1984
Address:						
Lot 2 Jalan P/2A Kawasan MIEL Bangi Industrial Estate 43650 Bandar Baru Bangi Selangor Darul Ehsan						

Analysis of Shareholdings as at 30 April 2012

SHAREHOLDERS

The company had 1,097 shareholders as at 30 April 2012. There is only one class of share, namely ordinary share of RM1.00 each. Each share entitles the holder to one vote.

ANALYSIS BY SIZE OF SHAREHOLDINGS

As at 30 April 2012

Size of Shareholdings	No. of Shareholders	No. of Share	% of Issued Share Capital
Less than 100	138	3,869	0.02
100 - 1,000	139	90,019	0.47
1,001 - 10,000	703	1,976,451	10.28
10,001 - 100,000	84	2,345,821	12.20
100,001 to less than 5% of issued shares	29	9,507,775	49.46
5% and above of issued shares	4	5,299,299	27.57
Total	1,097	19,223,234	100.00

Analysis of Shareholdings as at 30 April 2012 (cont'd)

SUBSTANTIAL SHAREHOLDERS

As at 30 April 2012

No.	Name of Substantial Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1	Wong Chee Weng	1,763,000	9.17		
2	Tjin Kiat @ Tan Cheng Keat	1,550,089	8.06		
3	Chee Chin Tsai	1,019,717	5.30		
4	Chee Chin Hung	966,493	5.03		
5	Chee Sam Fatt	10,125	0.05	3,177,755 (a)	16.53
6	Dato' Law Sah Lim	5,014	0.03	2,562,834 (b)	13.33

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

DIRECTORS' SHAREHOLDINGS

As at 30 April 2012

No.	Name of Directors	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1	Chee Sam Fatt	10,125	0.05	3,177,755 (a)	16.53
2	Tjin Kiat @ Tan Cheng Keat	1,550,089	8.06	-	-
3	Yeo Tek Ling	12,169	0.06	-	-
4	Dato' Haji Ghazali b. Mat Ariff	-	-	-	-
5	Dato' Law Sah Lim	5,014	0.03	2,562,834 (b)	13.33
6	Datuk Ismail bin Haji Ahmad	-	-	-	-
7	Mah Siew Seng	-	-	-	-
8	Eu Hock Seng	11,210	0.06	435,224 (c)	2.26
9	Ng Choo Tim	648,297	3.37	-	-

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

(c) Deem interest under section 134(12) (c) of the Companies Act 1965 by virtue of his interest held through his daughter

Analysis of Shareholdings as at 30 April 2012 (cont'd)

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS As at 30 April 2012

No.	Name	No. of Shares	%
1	Wong Chee Weng	1,763,000	9.17
2	Tjin Kiat @ Tan Cheng Keat	1,550,089	8.06
3	Chee Chin Tsai	1,019,717	5.30
4	Chee Chin Hung	966,493	5.03
5	Ng Choo Tim	648,297	3.37
6	Amanahraya Trustees Berhad Skim Amanah Saham Bumiputra	640,887	3.33
7	Lee Ng Mah @ Lee Wai Chan	596,545	3.10
8	Chee Pei Li	595,000	3.10
9	Lee Kim Mua @ Lim Kim Moi	516,626	2.69
10	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Siow Chung Peng	508,700	2.65
11	Law Mong Hock	502,633	2.61
12	Liew Say Fah	450,000	2.34
13	Eu Chin Fen	435,224	2.26
14	Tan Kok Chiew	414,395	2.16
15	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Soh Hin	389,000	2.02

Analysis of Shareholdings as at 30 April 2012 (cont'd)

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS As at 30 April 2012 (cont'd)

No.	Name	No. of Shares	%
16	Tan Wooi Bee @ Nur Huda Tan	384,128	2.00
17	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Peter Ling Ee Kong (8055224)	367,800	1.91
18	Law Geok King	344,094	1.79
19	Law Geok Beng	338,468	1.76
20	Law Ling Ling	330,974	1.72
21	Law Geok Eng	313,994	1.63
22	Tan Wooi Hong	244,400	1.27
23	Tasek Maju Realty Sdn Bhd	225,000	1.17
24	Tan Tjen Wan @ Tan Cheng Guan	174,625	0.91
25	Lim Kiat Lee	161,000	0.84
26	Yap Ah Cheng	150,000	0.78
27	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sleuths Holdings Sdn Bhd	125,000	0.65
28	Ho Kat Sin	120,000	0.62
29	Kho Sow Gan	111,875	0.58
30	Law Mong Yong	106,295	0.55

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PROXY FORM



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

No. of Shares held

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

of _____
(Address)

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

_____ (NRIC) _____
(Full Name in Block Letters)

of _____
(Address)

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

of _____
(Address)

or failing whom, the Chairman of the meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held at Hotel Equatorial Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 21 June 2012 at 11.30 a.m. and at any adjournment thereof on the following resolutions in the manner indicated below:-

		FOR	AGAINST
Resolution 1	To receive the Statutory Financial Statements for the year ended 31 December 2011 together with the Directors' and Auditors' Reports thereon.		
Resolution 2	To approve the payment of a final dividend of 10% gross per share, less 25% income tax, amounting to 7.5% net per share.		
Resolution 3	To approve the payment of Directors' Fees.		
Resolution 4	To re-elect Ng Choo Tim as Director.		
Resolution 5	To re-appoint Mr Chee Sam Fatt as Director.		
Resolution 6	To re-appoint Dato' Law Sah Lim as Director.		
Resolution 7	To re-appoint Datuk Ismail bin Haji Ahmad as Director.		
Resolution 8	To re-appoint Dato' Haji Ghazali B. Mat Ariff as Director.		
Resolution 9	To re-appoint Mr Tjin Kiat @ Tan Cheng Keat as Director.		
Resolution 10	To re-appoint Mr Eu Hock Seng as Director.		
Resolution 11	To re-appoint Messrs PKF as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Resolution 12	To approve the Proposed Amendments to the Articles of Association of the Company to comply with recent Amendments to the Bursa Malaysia Securities Berhad Main Market Listing Requirements.		
Resolution 13	To approve the Proposed Renewal of Shareholders' Mandate for the Company to buy-back its own shares.		

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

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

First Name Proxy _____ %
Second Name Proxy _____ %
100%

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

*Strike out whichever is not desired.

Dated this day of 2012

Signature

NOTES:

- A member of the Company entitled to attend and vote at this meeting may appoint a maximum of two proxies to vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provisions of Section 149(b) of the Companies Act, 1965 shall not apply to the Company.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (but not more than two) in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- The instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at Ground Floor, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time appointed for holding the meeting or any adjournment thereof.
- Only members whose names appear in the Record of Depositors on 15 June 2012 shall be entitled to attend, speak and vote at the Annual General Meeting.

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Affix
Stamp

The Company Secretary
ADVANCED PACKAGING TECHNOLOGY (M) BHD (82982-K)
Ground Floor, Symphony House
Block D 13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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