

**MALAYSIA
PACKAGING
INDUSTRY
BHD**



| 2008 |

| A N N U A L
R E P O R T |



MALAYSIA PACKAGING INDUSTRY BERHAD

(22265-U)

(Incorporated in Malaysia)

CONTENTS

	PAGE
Notice of Annual General Meeting	2-4
Statement Accompanying Notice of Annual General Meeting	4
Corporate Information	5
Five-Year Financial Highlights	6
Board of Directors	7
Profile of Directors	8-9
Chairman's Statement	10-11
Audit Committee Report	12-14
Statement on Internal Control	15-16
Corporate Governance Statement	17-23
Corporate Social Responsibility Statement	24
Financial Statements	25-65
Analysis of Shareholding	66
List of Thirty Largest Shareholders	67
Properties	68
Form of Proxy	71

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-fourth Annual General Meeting of the Company will be held at 6½ Mile, Simpang Salak South Baru, (Lot 3, Jalan Kuchai Lama), 58200 Kuala Lumpur on Monday, 22 June 2009 at 10.00 a.m. for the following purposes:

- | | |
|--|---------------------|
| 1. To receive and adopt the Report of the Directors and the audited Financial Statements for the financial year ended 31 December 2008 and the Report of the Auditors thereon. | RESOLUTION 1 |
| 2. To approve the payment of Directors' Fees of RM129,667.00 for the financial year ended 31 December 2008. | RESOLUTION 2 |
| 3. To re-elect directors: | |
| (a) In accordance with Article 87 of the Company's Articles of Association, Mr. Mitsunobu Suzumi retires by rotation and, being eligible, offers himself for re-election. | RESOLUTION 3 |
| (b) In accordance with Article 87 of the Company's Articles of Association, Mr. Mitsuo Kondo retires by rotation and, being eligible, offers himself for re-election. | RESOLUTION 4 |
| (c) In accordance with Article 89 of the Company's Articles of Association, Mr. Kazuhisa Kobayashi retires and, being eligible, offers himself for re-election. | RESOLUTION 5 |
| 4. To re-appoint Ernst & Young as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. | RESOLUTION 6 |

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following Ordinary Resolutions:

5. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH DIC (MALAYSIA) SDN. BHD.**

"THAT approval be and is hereby given to Malaysia Packaging Industry Berhad ("Maypak") to renew the Shareholders' Mandate for the Recurrent Related Party Transactions ("RRPT") of a revenue or trading nature with DIC (Malaysia) Sdn. Bhd. for the purchase of raw materials by Maypak as stated in Section 2.1.2 of the Circular to Shareholders dated 29 May 2009 which are necessary in the ordinary course of business and for Maypak's day-to-day operations and are on normal commercial terms which are not more favourable to DIC (Malaysia) Sdn. Bhd. than those generally available to the public and not detrimental to the minority shareholders of the Company.

RESOLUTION 7

AND THAT the approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at the next AGM, the mandate is again renewed; or

ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("The Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of The Act); or

iii) revoked or varied by resolution passed by the shareholders in a general meeting, whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the renewal of the Proposed Shareholders' Mandate for RRPT."

6. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH TOYO SEIKAN KAISHA, LTD. GROUP

"THAT approval be and is hereby given to Malaysia Packaging Industry Berhad ("Maypak") to renew the Shareholders' Mandate for the Recurrent Related Party Transactions ("RRPT") of a revenue or trading nature with the Toyo Seikan Kaisha, Ltd. Group ("TSK Group") for the purchase of raw materials, sales of packaging materials and technical fee paid by Maypak as stated in Section 2.1.2 of the Circular to Shareholders dated 29 May 2009 which are necessary in the ordinary course of business and for Maypak's day-to-day operations and are on normal commercial terms which are not more favourable to the TSK Group than those generally available to the public and not detrimental to the minority shareholders of the Company.

RESOLUTION 8

AND THAT the approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at the next AGM, the mandate is again renewed; or

(ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("The Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of The Act); or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting, whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the renewal of the Proposed Shareholders' Mandate for RRPT."

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

By Order of the Board

Winnie Chok Kwee Wah
Leong Mee Lee
Secretaries

Kuala Lumpur
29 May 2009

Notes:

- 1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- 2) If the appointer is a corporation, the proxy form should be executed under its common seal or under the hand of an officer or attorney duly authorised.
- 3) The instrument appointing a proxy must be deposited at the office of Bina Management (M) Sdn. Bhd., Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution Nos. 7 and 8

■ Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature

The proposed Ordinary Resolution Nos. 7 and 8, if passed, will empower the Company to enter into recurrent related party transactions of a revenue or trading nature which are necessary in the ordinary course of business and for the Company's day to day operations, subject to the transactions made at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Profile of Directors who are standing for re-election

Details pertaining to the Directors standing for re-election are outlined on pages 8 to 9 of the Annual Report.

2. Details of the Directors' Interests in the Company

Details of the Directors' shareholdings are outlined on page 27 of the Annual Report.

CORPORATE INFORMATION

DIRECTORS

Chairman (Independent)	:	Datuk Sulaiman Bin Daud
Managing Director/CEO (Non-Independent)	:	Manabu Watanabe
Non Executive Director (Independent)	:	Ho Chee Siong
Non Executive Director (Non-Independent)	:	Mitsuo Kondo Mitsunobu Suzumi Kazuhisa Kobayashi (appointed on 1 July 2008)

BANKERS

Bank of Tokyo – Mitsubishi UFJ (Malaysia) Berhad (302316-U)
 Malayan Banking Berhad (3813-K)
 RHB Bank Berhad (6171-M)

AUDITORS

Ernst & Young (AF:0039)

COMPANY SECRETARIES

Winnie Chok Kwee Wah (MACS 00550)
 Leong Mee Lee (LS 0001836)

REGISTERED OFFICE

6 ½ Miles, Simpang Salak South Baru
 (Lot 3, Jalan Kuchai Lama)
 58200 Kuala Lumpur
 Tel : 03-79831877
 Fax : 03-79813198

HOME PAGE

<http://www.maypak.com>

REGISTRAR

Bina Management (M) Sdn. Bhd. (50164-V)
 Lot 10, The Highway Centre,
 Jalan 51/205, 46050 Petaling Jaya,
 Selangor Darul Ehsan;
 Tel : 03-77843922
 Fax : 03-77841988

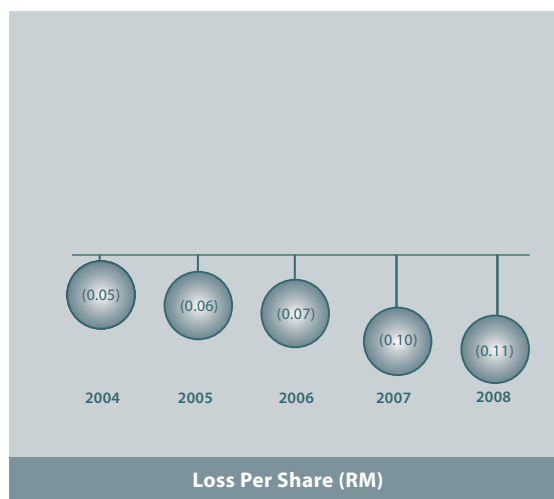
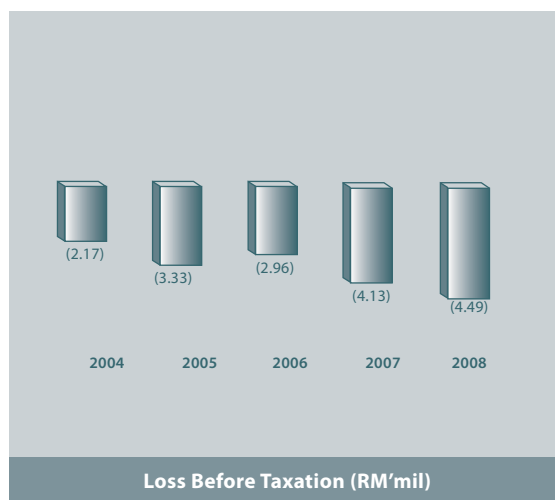
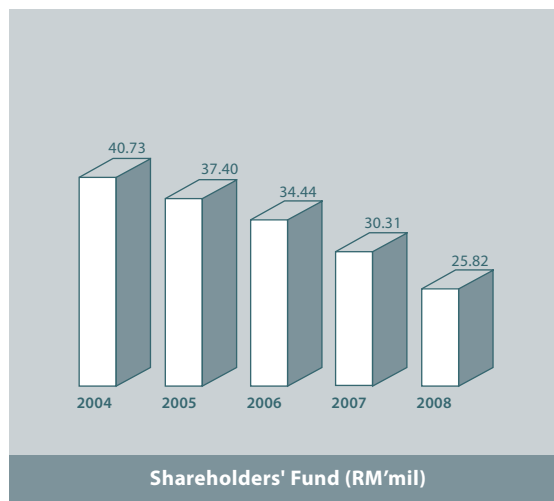
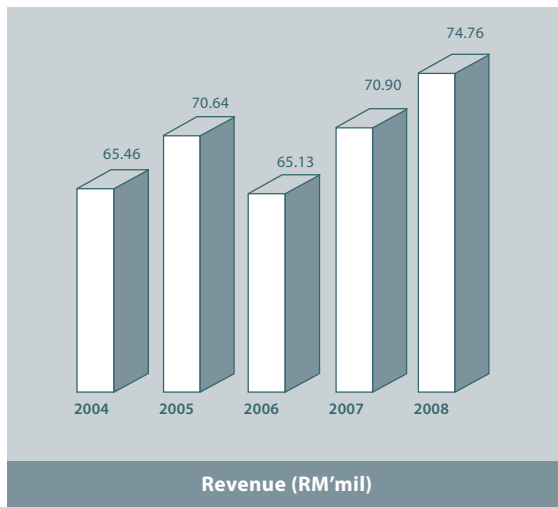
STOCK EXCHANGE LISTING

The Second Board, Bursa Malaysia Securities Berhad

CERTIFIED MANAGEMENT SYSTEM

MS ISO 9001 : 2000
 MS ISO 14001 : 2004

5-YEAR FINANCIAL HIGHLIGHTS



BOARD OF DIRECTORS



DATUK SULAIMAN BIN DAUD
Chairman
Independent
Non-Executive Director



HO CHEE SIONG
Independent
Non-Executive Director



MANABU WATANABE
Non-Independent
Executive Director



MITSUO KONDO
Non-Independent
Non-Executive Director



KAZUHISA KOBAYASHI
Non-Independent
Non-Executive Director



MITSUNOBU SUZUMI
Non-Independent
Non-Executive Director



PROFILE OF DIRECTORS

DATUK SULAIMAN BIN DAUD

Independent Non-Executive Director, Malaysian, aged 62

Datuk Sulaiman was appointed to the Board on 1 September 2003. He was appointed Non-Executive Chairman of the Company on 1 January 2009. Besides being a member of the Audit Committee of the Company, he is also the Senior Independent Non-Executive Director to whom concerns may be conveyed.

He holds a Diploma in Agriculture, UPM and a Master of Business Administration, IMC Buckingham, United Kingdom and is a graduate of the Stanford-Insead Advanced Management Programme (AMP) in Fountainebleau, France.

Datuk Sulaiman started his working career as Trainee Executive with Malaysian Tobacco Company Ltd. in 1968, where he ascended the corporate ladder to be its Deputy Chief Executive and Executive Director. He previously served as the Chairman of Bank Pertanian Malaysia Berhad for four terms from 1998 to 2006.

Datuk Sulaiman is a director in Konsortium Transnasional Berhad, Pharmaniaga Berhad and Silverlake Axis Ltd (Singapore).

He does not have any family relationship with any director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company.

He has not been convicted of any offence within the past 10 years.

MR MANABU WATANABE

Non-Independent Executive Director, Japanese, aged 58

Mr Manabu Watanabe was appointed to the Board as a Joint Managing Director on 1 June 2006 and was redesignated as Managing Director/Chief Executive Officer on 1 October 2006. He is a member of the Remuneration Committee of the Company.

He graduated with a Bachelor of Agriculture from the University of Tokyo in 1977.

He joined Toyo Seikan Kaisha, Ltd. in 1977 and began his career in the Research & Development Department, Head Office and has held various positions within Toyo Seikan Group of Companies.

He does not have any family relationship with any director and/or major shareholder of the Company. To-date there has not been any occurrence of conflict of interest with the Company.

He has not been convicted of any offence within the past 10 years.

MR HO CHEE SIONG

Independent Non-Executive Director, Malaysian, aged 43

Mr Ho was appointed to the Board on 1 June 2006. He is the Chairman of the Audit Committee of the Company.

He is a member of Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA).

He is currently the Chief Financial Officer of iTouch Berhad and also an Independent Non-Executive Director of Kzen Solutions Berhad.

He does not have any family relationship with any director and/or major shareholder of the Company. To-date there has not been any occurrence of conflict of interest with the Company.

He has not been convicted of any offence within the past 10 years.

PROFILE OF DIRECTORS

MR MITSUNOBU SUZUMI

Non-Independent Non-Executive Director, Japanese, aged 51

Mr. Suzumi was appointed to the Board on 5 July 2007. He is a member of the Nomination Committee and Chairman of Remuneration Committee of the Company.

He graduated with a Bachelor of Liberal Arts in Asian studies from the College of Arts And Sciences, the University of Tokyo, Japan in 1981.

He joined Ajinomoto Co., Inc., Japan in 1981 and began his career with the International Department in Headquarters and has held various positions in Japan and overseas within the Ajinomoto Group of Companies.

Mr. Suzumi is the Managing Director of Ajinomoto (Malaysia) Berhad.

He does not have any family relationship with any director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company.

He has not been convicted of any offence within the past 10 years.

MR MITSUO KONDO

Non-Independent Non-Executive Director, Japanese, aged 44

Mr. Mitsuo Kondo was appointed to the Board on 1 August 2006. He is a member of the Remuneration and Nomination Committee of the Company.

He graduated with a Bachelor of Arts from the Faculty of Foreign Studies, Sophia University, Japan in 1987.

He joined DIC Corporation, Japan in 1987 and began his career with the Graphic Arts Department and has held various positions in Japan and overseas within the DIC Group of Companies.

He does not have any family relationship with any director and/or major shareholder of the Company. To-date, there has not been any occurrence of conflict of interest with the Company.

He has not been convicted of any offence within the past 10 years.

MR KAZUHISA KOBAYASHI

Non-Independent Non-Executive Director, Japanese, aged 55

Mr Kazuhisa Kobayashi was appointed to the Board on 1 July 2008. He is a member of Audit Committee and Chairman of the Nomination Committee of the Company.

He graduated from the Law Faculty, Rikkyo University, Japan in 1977.

He joined Toyo Seikan Kaisha, Ltd. in 1977 and began his career in the Sales and Marketing Department and has held various positions within Toyo Seikan Group of Companies. He is now the General Manager of International Operations, International Division of Toyo Seikan Kaisha, Ltd.

Mr. Kobayashi is the Managing Director of Kanagata (Thailand) Co. Ltd.

He does not have any family relationship with any director and/or major shareholder of the Company. To-date there has not been any occurrence of conflict of interest with the Company.

He has not been convicted of any offence within the past 10 years.



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present to the shareholders, the Annual Report of the Company for the financial year ended 31 December 2008.

COMPANY'S PERFORMANCE

Turnover increased 5.44% from RM70.90m in year 2007 to RM74.76m in year 2008 due mainly to higher export sales.

2008 had started on a positive note as our Company recorded profits though marginal during the first half year.

However, the surging crude oil prices which breached USD147 a barrel in July impacted the Company's performance despite marketing efforts to achieve better sales mix. The weak performance of the Ringgit against the US Dollar and Japanese Yen aggravated the Company's financial position. The unrealized foreign exchange translation loss of RM2.80m added to the Company's loss for the year at RM4.49m.



CORPORATE DEVELOPMENTS

Development and sale of the new product range from investments in new facilities were impacted by the global financial crisis. This set back is expected to be temporary as increased marketing efforts are showing encouraging results.

PROSPECTS

The year ahead is expected to be challenging. Recovery from the global financial and economic crisis is expected to be slow.

Our Company will intensify its marketing efforts to promote its new product range in the export market. Continuous efforts will be made to optimize efficiency and productivity.



CHAIRMAN'S STATEMENT

DIRECTORATE

The Board is saddened by the sudden loss of Dato' Ahmad Badri Bin Mohamed Basir who passed away on 2 November 2008. Allahyarham Dato' Ahmad Badri had served the Board since July 1997 and was Chairman of the Company from June 2004 till his untimely demise.

The Board wishes to record its appreciation and thanks to the late Dato' Ahmad Badri Bin Mohamed Basir for his contribution and guidance.

The Board extends a warm welcome to Mr. Kazuhisa Kobayashi, who succeeds Mr. Ryuichi Ozaki on the Board.

The Board wishes to record its appreciation and thanks to Mr. Ryuichi Ozaki for his invaluable contributions, cooperation and commitment to the Board.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our sincere appreciation to our valued customers, suppliers, bankers, business associates and shareholders for their confidence and continued support.

I wish also to extend our gratitude and thanks to our corporate advisers and consultants, the various government agencies and regulatory bodies, the printing union both at national and company level for their cooperation during the year.

Lastly, I would like to thank our employees and staff for their continued commitment, dedication and cooperation.

DATUK SULAIMAN BIN DAUD
CHAIRMAN
18 May 2009

AUDIT COMMITTEE REPORT

As at the date of this report members of the Audit Committee are as follow:

Name of Member	Designation
1. Ho Chee Siong (Chairman)	Independent Non-Executive Director
2. Datuk Sulaiman Bin Daud	Independent Non-Executive Director
3. Kazuhisa Kobayashi (Appointed 1 July 2008)	Non-Independent Non-Executive Director

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

MEMBERSHIP

The Audit Committee ("the Committee") shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three (3) members all of whom must be non-executive directors with a majority of them being independent directors.

The Chairman of the Committee shall be elected among its members of whom shall be an independent director. No alternate director of the Board shall be appointed as a member of the Committee.

At least one member of the Committee shall be:

- a member of the Malaysian Institute of Accountants; or
- at least three years' working experience and he or she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
- a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- a degree/masters/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance which include persons who are members of professional accountancy organisations which have been admitted as full members of the International Federation of Accountants ; or
- at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
- fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements, the vacancy shall be filled within three (3) months.

The Board shall review the terms of reference and performance of the Committee and each of its members at least once every three (3) years.

AUDIT COMMITTEE REPORT

MEETINGS AND MINUTES

Meetings shall be held not less than four (4) times a year. The quorum for each meeting shall be two (2) members of the Committee of which a majority of the members present must be independent non-executive directors. Other Board members and employees may attend meetings only upon the invitation of the Audit Committee.

The director responsible for the financial management and a representative from the external auditors and the internal auditors shall normally attend the meetings. At least twice a year the Committee shall meet with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company whenever deemed necessary. The external auditors may request a meeting if they consider it necessary.

The Secretary of the Committee shall be the Company Secretary. Minutes of each meeting shall be circulated to each member of the Board.

AUTHORITY

The Committee is authorised by the Board:

- to investigate any activity within its terms of reference and is authorised to seek any information it requires from employees, who are required to cooperate with any request made by the Committee.
- to obtain external legal or other independent professional advice as and when necessary.

FUNCTIONS

The Committee shall undertake the following responsibilities and duties:

- review with the external auditors, the audit plan, the evaluation of the system of internal control, the audit reports, the Company's accounting policies and reporting requirements, and any other matters he may wish to discuss in the absence of the management;
- review the assistance given by the Company officers to the external auditors;
- consider the nomination and appointment of the external auditors and review their independence and objectivity;
- review any letter of resignation from the external auditors and any questions of resignation or dismissal;
- review with internal auditors, the internal audit plan and controls;
- review 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;
- review the quarterly results and year end annual financial statements prior to the approvals by the Board, focusing particularly on;
 - changes in or implementation of major accounting policy changes;
 - compliance with accounting standards and other legal requirements;
 - significant and unusual events; and
 - significant adjustments arising from the audit.
- review any related party transaction and conflict of interest situation that may arise within the Company including any transaction, procedure or course of conduct that raises question on management integrity;

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES

The Audit Committee held five (5) meetings during the financial year. Details of the members of the Committee and their attendance at the meeting are as follows:-

Name of Member	Attendance
1. Ho Chee Siong (Chairman)	5/5
2. Dato' Ahmad Badri Bin Mohamed Basir (Demised 2 November 2008)	2/4
3. Datuk Sulaiman Bin Daud	5/5
4. Ryuichi Ozaki (Resigned 30 June 2008)	2/3
5. Mitsunobu Suzumi (Resigned 1 January 2009)	3/5
6. Kazuhisa Kobayashi (Appointed 01 July 2008)	2/2

In line with the terms of reference of the Committee, the following activities were carried out:-

- reviewed the audited financial statements and unaudited quarterly financial results of the Company prior to recommendations to the Board for approval for announcement;
- discussed and reviewed the external and internal auditors' scope of work and the audit planning memorandum, the results of their examination, their auditors' report and management letters in relation to the audit and accounting issues arising from the audit and updates of applicable Financial Reporting Standards in Malaysia;
- reviewed the recurrent related party transactions of the Company;
- reviewed the Company's compliance with the Bursa Malaysia Securities Berhad (Bursa Securities) Listing Requirements, applicable Malaysian Financial Reporting Standards and other relevant legal and regulatory requirements;
- reviewed the effectiveness of the Company's internal control system, risk assessment framework and quarterly reports submitted by the internal auditors;
- discussed and reviewed the annual internal audit plan with the internal auditors.

INTERNAL AUDIT

The Company's internal audit function is out-sourced to external consultants. The out-sourced internal audit function reviews the adequacy and effectiveness of the internal control systems based on the annual internal audit plan approved by the Audit Committee. The results of the internal audit reviews together with the recommendations for improvement are formally reported to the Audit Committee at their quarterly meetings. Follow-up visits were also conducted to ensure that the recommendations for improvement are implemented on a timely basis.

The internal audit reviews conducted did not reveal significant weaknesses which would result in material losses, contingencies or uncertainties that would require separate disclosure in the annual report.



STATEMENT ON INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.27 (b) of the Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Bursa Malaysia's Statement on Internal Control: Guidance for Directors of Public Listed Companies ("the Guidance"), the Board of Directors ("the Board") of Malaysia Packaging Industry Berhad is pleased to include a statement on the state of the Company's internal control in this annual report.

BOARD'S RESPONSIBILITIES

The Board acknowledges its responsibility and re-affirms its commitment in maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets as well as reviewing the adequacy and integrity of the system of internal control. However, as there are inherent limitations in any system of internal control, such systems put into effect by Management only manage but cannot eliminate all risks that may impede the achievement of the Company's business objectives. Therefore, such internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

Risk Management is regarded by the Board to be an integral part of the business operations. Key management staff and Heads of Department are delegated with the responsibility to manage identified risks within defined parameters and standards.

Periodic management meetings, attended by the Directors are held to discuss key risks and the appropriate mitigating controls. Significant risks affecting the Company's strategic and business plans are escalated to the Board at their scheduled meetings.

The Risk Management Committee, comprising key management staff, meets monthly to review the risks faced by the Company and ensure that the existing mitigation actions are adequate. Risks identified were prioritized in terms of likelihood of occurrence and impact on the achievement of the Company's business objectives. Furthermore, the departmental risk profile is updated periodically to ensure that all key risks are identified and adequate and relevant action plans are developed to mitigate these risks.

The abovementioned risk management practices of the Company serve as the on-going process used to identify, evaluate and manage significant risks.

INTERNAL AUDIT

The Company's internal audit function is outsourced to external consultants to assist the Board and Audit Committee in providing independent assessment on the adequacy, efficiency and effectiveness of the Company's internal control system.

During the financial year ended 31 December 2008, the internal audit function carried out audits in accordance with the internal audit plan approved by the Audit Committee. The results of the internal audit reviews and the recommendations for improvement were presented to the Audit Committee at their quarterly meetings.

In addition, follow up visits were also conducted to ensure that corrective actions have been implemented in a timely manner. Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report.

STATEMENT ON INTERNAL CONTROL

OTHER KEY FEATURES OF THE COMPANY'S INTERNAL CONTROL SYSTEM

- Organisation Structure & Authorisation Procedures

The Company maintains formal and structured lines of reporting, that includes the division of responsibilities and delegation of authority. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures within the various operational segments.

- Periodical and/or Annual Budget

An annual budget is prepared by management and tabled to the Board for approval. Continuous monitoring is carried out monthly to measure actual performance against budget to identify significant variances and devise remedial action plans.

- Regular operational and management meetings

Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Company. The quarterly financial statements containing key financial results and comparisons are tabled to the Board for their review.

- Company Policies and Procedures

The Company has established policies and procedures that are regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Company's business activities at all times as the Company continues to grow.

- Human Resource Policy

Comprehensive guidelines on the employment and retention of employees are in place to ensure that the Company has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively.

- ISO certification

Certain of the Company's operations are ISO 9001:2000 and ISO14000:2004 certified. With such certifications, audits are conducted by external parties periodically to ensure compliance with the terms and conditions of the certification.

CONCLUSION

The Board is of the view that the Company's system of internal controls is adequate to safeguard shareholders' investments and the Company's assets. However, the Board is also cognizant of the fact that the Company's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal controls.

This statement was approved by the Board of Directors on 18 May 2009.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the Board) fully appreciates the importance of exercising high standards of corporate governance in the conduct of the Company's business and affairs through transparency, accountability and corporate performance.

The Board is thus committed to support the recommendations of the Malaysian Code of Corporate Governance by implementing the principles and best practices set out in the Code.

The Board and management are committed to ensuring the highest standards of corporate governance are observed throughout the Company. It is a continuous evolving process and the adherence is aimed at aligning with both the spirit and letter of the Code.

The Company has complied with the Best Practices in Corporate Governance set out in Part II of the Code except for:

The Nomination Committee of the Company though comprising exclusively of non-executive directors, does not have a majority of independent directors. The Company believes that the assignment of Board members on the board committees be evenly distributed.

The following statements set out how the Company has applied the principles in Part 1 of the Code:-

A. Board of Directors

1. Board Responsibilities

The Board is entrusted with directing the Company's operation to enhancing long term shareholders' value.

The schedule of matters reserved specifically for the Board's decision includes approval of corporate plans and annual budgets, approval of major capital expenditure projects, consideration of significant financial matters and review of financial and operating performance of the Company to ensure compliance with applicable laws, rules and regulations of relevant statutory bodies.

No individual or groups of individuals on the Board dominate decisions of the Board.

2. Meetings

The Board ordinarily meets at least five (5) times a year to deliberate and consider on matters relating to financial results, major investment and business plans of the Company.

In the financial year ended 31 December 2008, the Board met on 6 occasions.

The Board receives the agenda and documents for deliberation prior to and in advance of each meeting to enable the Directors to obtain further explanation where necessary. All proceedings of the Board meetings are minuted and signed by the Chairman of the meeting.

CORPORATE GOVERNANCE STATEMENT

Details of each existing Directors' meeting attendance are as below:

Name		Attendance
1.	Dato' Ahmad Badri Bin Mohamed Basir	(Demised 2 November 2008) 2/4
2.	Datuk Sulaiman Bin Daud	6/6
3.	Ho Chee Siong	6/6
4.	Manabu Watanabe	6/6
5.	Mitsuo Kondo	6/6
6.	Mitsunobu Suzumi	5/6
7.	Ryuichi Ozaki	(Resigned 30 June 2008) 2/3
8.	Kazuhisa Kobayashi	(Appointed 1 July 2008) 3/3

3. Board Committees

To enhance business and operational efficiency, the Board delegates certain responsibilities to three (3) Board Committees namely, Audit, Nomination and Remuneration Committee.

As at the date of this report, the Nomination Committee is made up wholly of three (3) non-independent non-executive directors as follows:

1. Kazuhisa Kobayashi (Chairman - appointed 1 January 2009)
2. Mitsunobu Suzumi
3. Mitsuo Kondo (Appointed 1 January 2009)
4. Dato' Ahmad Badri Bin Mohamed Basir (Demised 2 November 2008)
5. Ho Chee Siong (Resigned 1 January 2009)
6. Ryuichi Ozaki (Resigned 30 June 2008)
7. Datuk Sulaiman Bin Daud (Resigned 1 January 2009)

The Committee is tasked with evaluating and recommending candidates for appointment to the Board.

For the year under review, the Committee recommended the nomination of the candidate proposed by a substantial corporate shareholder to replace their outgoing corporate representative before recommending them to the Board for appointment.

As at the date of this report member of the Remuneration Committee is made up of two (2) non-independent non-executive directors and one (1) executive director who include the following:

1. Mitsunobu Suzumi (Chairman - appointed 1 January 2009)
2. Manabu Watanabe
3. Mitsuo Kondo
4. Datuk Sulaiman Bin Daud (Resigned 1 January 2009)
5. Dato' Ahmad Badri Bin Mohamed Basir (Demised 2 November 2008)

The Committee is responsible for recommending to the Board the remuneration and fees for both the executive and non-executive directors.

CORPORATE GOVERNANCE STATEMENT

4. Board Balance

As at the date of this report, the Board consists of six (6) members, comprising one (1) executive director and five (5) non-executive directors of which two (2) are independent.

The profile of each Director is presented on pages 8 to 9 of this annual report.

The Directors, with their diverse background in business, financial, professional, technical and public services collectively bring with them a wide range of experience and expertise to ensure the Company is guided by a competent Board.

The Company practises a clear demarcation of power and authority. The role of the Chairman and Managing Director are separated and clearly defined to ensure a balance of authority and power.

The Board is led by Y.Bhg. Datuk Sulaiman Bin Daud who succeeded Allahyarham Dato' Ahmad Badri Bin Mohamed Basir as the Chairman whilst the executive management of the Company is led by Mr. Manabu Watanabe, the Managing Director and Chief Executive Officer.

5. Supply of Information

The Chairman ensures that all Directors have full and timely access to information. Board papers are distributed prior to meetings at least three (3) working days in advance to enable the Directors to obtain explanation where necessary.

The Directors have access to all information within the Company whether as a full board or in their individual capacities to the extent that the information required is pertinent to the discharge of their duties as director in the furtherance of the Company's interest and benefit.

The Directors have access to advice and services of the Company Secretary and are allowed to take independent professional advice where necessary and in appropriate circumstance in the furtherance of their duties as directors at the Company's expense.

6. Directors' Training

All Directors' have attended and successfully completed the Mandatory Accreditation Program (MAP) as required by the Bursa Securities Listing Requirements. The Directors will continue to undergo other relevant training programme to enable them to enhance their knowledge and skills and be updated on new regulatory requirements.

For the year under review, the Board members attended an in-house training on :

- (i) Single Tier Tax System;
- (ii) Updates and changes of reinvestment allowance incentives;
- (iii) Remuneration package - Updates on exempt income; and
- (iv) New thin capitalisation rules in Malaysia.

Newly appointed Directors are briefed on the Company's business process and operation to ensure they have a comprehensive understanding of the Company's operations.

CORPORATE GOVERNANCE STATEMENT

7. Re-election

In accordance with the Company's Articles of Association, all directors including the Managing Director retire from office at least once in every three (3) years and offer themselves for re-election.

Directors over seventy (70) years of age are required to submit themselves for reappointment on an annual basis in accordance with Section 129(6) of the Companies' Act, 1965.

B. Directors' Remuneration

The Managing Director/Chief Executive Officer is a corporate representative of a substantial corporate shareholder. His remuneration package is based on the remuneration policy and guidelines as set by the corporate shareholder in accordance with his experience and performance.

Bonus payment to the Executive Director is dependent on Company's performance.

The remuneration to Non-Executive Directors are decided by the full Board after taking into consideration the market norms, responsibility, experience of the director and profitability of the Company.

The aggregate remuneration of the Directors categorised into the appropriate components is as follows:-

Category	Fees (RM)	Gratuities (RM)	Salaries & Other Emoluments (RM)	Benefit-in-Kind (RM)
Executive Director	14,000	-	114,768	66,390
Non-Executive Directors	115,667	10,000	-	-

The number of Directors of the Company whose total remuneration during the financial year under review that fall within the following bands are as follows:-

Amount of Remuneration	Executive Director	Non-executive Directors
Below RM50,000	-	7
RM150,001~RM200,000	1	-



CORPORATE GOVERNANCE STATEMENT

C. Shareholders

1. *Dialogue between the Company and Investors*

The Company communicates with its shareholders via the annual report and Annual General Meeting. In addition, the Company has established a web site at www.maypak.com which shareholders can access for information.

2. *Annual General Meeting*

It is the Company's practice to send the Notice of the AGM to shareholders at least 21 days before the meeting. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Company's performance in general. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholders with written answers after the AGM.

D. Accountability and Audit

1. Financial Reporting

It is the Board's objective to provide and present a balanced and understandable assessment of the Company's position and prospects through the annual financial statements and quarterly announcements to the shareholders. The Board scrutinizes these announcements at its Board meeting prior to publication, to ensure that they are accurate and present a balanced assessment of the Company's affairs.

2. Statement of Directors' Responsibility for Preparing the Annual Audited Financial Statements

The Board is responsible to prepare the financial statements in accordance with the applicable Financial Reporting Standards in Malaysia and the provisions of the Companies' Act, 1965 so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the results and cash flows of the Company for the financial year.

CORPORATE GOVERNANCE STATEMENT

In preparing for financial statements, the directors have:

- Selected suitable accounting policies and applied them consistently;
- Made reasonable and prudent judgements and estimates; and
- Ensured that all applicable accounting standards have been complied with.

The directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

3. Internal Control

The Board recognises the importance of a sound system of internal control to safeguard shareholders' investment and the Company's assets. The internal audit function in the Company is being out-sourced to external consultants to assist in identifying, evaluating, monitoring and managing the significant risks to ensure proper risk management, adequacy and integrity of the internal control systems in line with the requirements of the Statement on Internal Control - Guidance for Directors of Public Listed Companies and the Code. The internal auditors report directly to the Audit Committee.

4. Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors and the key features underlying their relationship are included in the Audit Committee's terms of reference as detailed on pages 12 to 14 of the Annual Report.

5. Conflict of Interest

None of the Directors have any family relationship with other Directors and/or major shareholders of the Company or have any personal interest in any business arrangement involving the Company

E. Other Information

1. Share buybacks

During the financial year, there were no share buybacks by the Company.

2. Options, warrants or convertible securities

The Company did not issue any options, warrants or convertible securities during the financial year.



CORPORATE GOVERNANCE STATEMENT

3. American Depositary Receipt (“ADR”) or Global Depositary Receipt (“GDR”)

During the financial year, the Company did not sponsor any ADR or GDR program.

4. Imposition of sanctions/penalties

Nil

5. Variation in results

There is no variance between the results for the financial year and the unaudited results previously announced by the Company.

6. Profit Guarantee

The Company did not issue any profit guarantee for the financial year.

7. Recurrent Related Party Transactions of A Revenue or Trading Nature

Pursuant to paragraph 10.09 of the Bursa Securities Listing Requirements, the Company will be seeking a mandate from its shareholders for recurrent related party transactions of a revenue or trading nature, entered into or to be entered into between the Company and related parties, at the forthcoming Annual General Meeting of the Company.

8. Material Contracts

The Company does not have any material contracts involving directors' and major shareholders' interest, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

9. Non-Audit Fees

During the financial year under review, the Company incurred RM4,000 non-audit fees to the external auditors, Ernst & Young.

This Statement of Corporate Governance is made in accordance with the resolution adopted by the Board at its meeting held on 18 May 2009.



CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Malaysia Packaging Industry Berhad ("Maypak") recognises the importance of being a good corporate citizen in the conduct of its business as well as fulfilling its corporate and social obligations.

Maypak's commitment to its stakeholders and the community are exemplified through its CSR activities.

The Workplace

Recognising the importance of employees as valuable assets, the Company provides continuous training and development opportunities to its workforce. During the year under review, the average training conducted was 7.4 hours per employee. Six (6) employees were given overseas training at the parent company in new production technology. In addition, three (3) employees were sponsored to participate in the Tun Razak Youth Leadership Awards coordinated by the Malaysian Institute of Management.

To ensure a healthy workforce, sports and recreational activities organized by the in-house sports club are financially supported by the Company. Occupational safety and health activities such as safety day and fire evacuation drill are carried out annually.

The Environment

Since September 2000, the Company has been certified to the ISO 14001 Environmental Management System. To-date, the Company has received continual renewal of its certification.

Recycling activities are encouraged among both the production and administration personnel. On the shopfloor, solid wastes are segregated and placed into recyclable and non-recyclable bins whilst the administration group segregates the paper waste into coloured and black and white for recycling.

The Marketplace

The Company regards transparency, confidentiality and integrity as important business practices in building and maintaining long term relationship with our stakeholders.

The Company obtained the ISO 9001 Quality Management System in October 1995 with zero non-conformance. In 2008, the Company has continuously maintained its ISO 9001 certification by SIRIM QAS with zero non-conformance for the fifth consecutive year since 2004.

The Community

Since 2005, the Company carries out annual "Maypak Corporate Citizenship Day" to remind its employees of its corporate social responsibilities.

In 2008, the Company donated furniture set as training aids to the Selangor & Federal Territory Association for Retarded Children at Wisma Harapan. Funds for the purchases were made available through proceeds obtained from "Jumble Sale" activities.

Each year, the Company accepts undergraduates for industrial training ranging from one (1) to six (6) months. In 2008, the Company provided training for one (1) undergraduate.

FINANCIAL STATEMENTS

CONTENTS	PAGE
Directors' Report	26 - 29
Statement by Directors	30
Statutory Declaration	30
Report of the Auditors	31 - 32
Income Statement	33
Balance Sheet	34
Statement of Changes in Equity	35
Cash Flow Statements	36 - 37
Notes to the Financial Statements	38 - 65

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITY

The principal activity of the Company is manufacture of printed and laminated flexible light packaging materials.

There has been no significant change in the nature of this activity during the financial year.

RESULTS

RM

Loss for the year	<u>(4,490,760)</u>
-------------------	--------------------

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

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Ahmad Badri Bin Mohamed Basir	(Demised on 2 November 2008)
Datuk Sulaiman Bin Daud	
Manabu Watanabe	
Ho Chee Siong	
Mitsuo Kondo	
Mitsunobu Suzumi	
Kazuhisa Kobayashi	(Appointed on 1 July 2008)
Ryuichi Ozaki	(Resigned on 30 June 2008)

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as disclosed in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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, except as disclosed in Note 25 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	1 January 2008	Acquired	Sold	31 December 2008
The Company				
Direct Interest				
Mitsunobu Suzumi	14,000	-	-	14,000

	Number of ordinary shares of JPY 50 each			
	1 January 2008	Acquired	Sold	31 December 2008
Holding Company				
- Toyo Seikan Kaisha, Ltd.				
Direct Interest				
Manabu Watanabe	1,100	-	-	1,100
Kazuhisa Kobayashi	2,000	-	-	2,000

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

- (a) Before the income statement and balance sheet of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONTD.)

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 April 2009.

Datuk Sulaiman Bin Daud

Manabu Watanabe

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Datuk Sulaiman Bin Daud and Manabu Watanabe, being two of the directors of Malaysia Packaging Industry Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 33 to 65 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2008 and of the results and the cash flows of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 April 2009.

Datuk Sulaiman Bin Daud

Manabu Watanabe

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, She Kok Hoong, being the officer primarily responsible for the financial management of Malaysia Packaging Industry Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 33 to 65 are in my opinion correct, and I 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 She Kok Hoong
at Kuala Lumpur in the Federal Territory
on 20 April 2009

She Kok Hoong

Before me,

Commissioner for Oaths
No. W 480
R. VASUGI AMMAL
PJK



REPORT OF THE AUDITORS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIA PACKAGING INDUSTRY BERHAD (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Malaysia Packaging Industry Berhad, which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 65.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the 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 have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2008 and of its financial performance and cash flows for the year then ended.

REPORT OF THE AUDITORS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIA PACKAGING INDUSTRY BERHAD (CONTD.) (Incorporated in Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
20 April 2009

Chan Hooi Lam
No. 2844/02/10 (J)
Chartered Accountant

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 RM	2007 RM
Revenue	3	74,757,664	70,896,636
Other income	4	1,226,565	1,421,785
Changes in work-in-progress and finished goods		531,769	(28,229)
Consumables and raw materials		(52,072,936)	(50,775,691)
Employee benefits expense	5	(10,657,825)	(10,691,912)
Depreciation and amortisation	11,12	(3,411,048)	(3,820,155)
Other expenses		(13,716,311)	(10,416,153)
Loss from operations		(3,342,122)	(3,413,719)
Finance costs	7	(1,148,288)	(716,043)
Loss before tax	8	(4,490,410)	(4,129,762)
Income tax expense	9	(350)	-
Loss for the year		(4,490,760)	(4,129,762)
Loss per share (sen)	10	(10.68)	(9.82)

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

BALANCE SHEET

AS AT 31 DECEMBER 2008

	Note	2008 RM	2007 RM
ASSETS			
Non-current assets			
Property, plant and equipment	11	39,000,551	27,441,949
Capital work-in-progress		2,097,778	-
Prepaid land lease payment	12	2,170,049	2,207,767
		<u>43,268,378</u>	<u>29,649,716</u>
Current assets			
Inventories	13	9,388,783	7,752,032
Trade receivables	14	16,060,026	17,399,207
Other receivables	15	443,549	6,183,129
Cash and bank balances	16	3,725,512	5,164,652
		<u>29,617,870</u>	<u>36,499,020</u>
TOTAL ASSETS		<u>72,886,248</u>	<u>66,148,736</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	21	42,042,824	42,042,824
Reserves		(16,225,069)	(11,734,309)
Total equity		<u>25,817,755</u>	<u>30,308,515</u>
Non-current liability			
Long term borrowings	17	<u>23,915,485</u>	<u>13,773,664</u>
Current liabilities			
Short term borrowings	17	11,661,194	8,162,660
Trade payables	19	8,253,936	11,218,665
Other payables	20	3,237,878	2,685,232
		<u>23,153,008</u>	<u>22,066,557</u>
Total liabilities		<u>47,068,493</u>	<u>35,840,221</u>
TOTAL EQUITY AND LIABILITIES		<u>72,886,248</u>	<u>66,148,736</u>

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

	Share Capital RM	Non- Distributable Revaluation Reserves RM (Note 22)	Accumulated Losses RM	Total RM
At 1 January 2007	42,042,824	64,979	(7,669,526)	34,438,277
Loss for the year	-	-	(4,129,762)	(4,129,762)
At 31 December 2007	42,042,824	64,979	(11,799,288)	30,308,515
Loss for the year	-	-	(4,490,760)	(4,490,760)
At 31 December 2008	42,042,824	64,979	(16,290,048)	25,817,755

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 RM	2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(4,490,410)	(4,129,762)
Adjustments for:			
Depreciation of property, plant and equipment		3,373,330	3,782,435
Amortisation of prepaid land lease payment		37,718	37,720
(Gain)/loss on disposal of property, plant and equipment		(4,999)	55,676
Property, plant and equipment written off		375,539	829,057
Short term accumulating compensated absences		45,517	42,840
Write down/(back) of inventories		2,575	(31,647)
Inventories written off		232,719	714,060
Provision for doubtful debts		177,789	59,795
Interest expense		1,148,288	716,043
Interest income		(82,710)	(46,634)
Net unrealised foreign exchange loss/(gain)		2,766,051	(482,814)
Operating profit before working capital changes		3,581,407	1,546,769
Decrease/(increase) in receivables		7,193,185	(2,251,934)
Increase in inventories		(1,872,045)	(156,328)
(Decrease)/increase in payables		(3,120,924)	1,597,004
Cash generated from operations		5,781,623	735,511
Interest paid		(1,148,288)	(716,043)
Tax (paid)/refunded		(350)	240,000
Net cash generated from operating activities		4,632,985	259,468
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(a)	(15,179,972)	(2,340,167)
Down payment for purchase of property, plant and equipment		(1,833,469)	(5,494,500)
Proceeds from disposal of property, plant and equipment		5,000	15,565
Interest received		82,710	46,634
Net cash used in investing activities		(16,925,731)	(7,772,468)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTD.)

	Note	2008 RM	2007 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of short term borrowings		3,466,000	1,377,000
Repayment of term loan		(1,625,000)	(1,625,000)
Loan from holding company		8,861,760	11,831,160
Repayment of hire purchase and finance lease payables		(112,794)	(100,048)
Net cash generated from financing activities		<u>10,589,966</u>	<u>11,483,112</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,702,780)	3,970,112
Effects of exchange rate changes		194,949	(59,440)
Cash and cash equivalents at beginning of the year		<u>4,752,202</u>	<u>841,530</u>
Cash and cash equivalents at end of the year (Note 16)		<u>3,244,371</u>	<u>4,752,202</u>
		2008 RM	2007 RM
Note:			
(a) Purchase of property, plant and equipment			
Acquired by way of:			
- cash		15,179,972	2,340,167
- finance lease		127,500	-
		<u>15,307,472</u>	<u>2,340,167</u>

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



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2008

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of Bursa Malaysia Securities. The registered office is located at 6 1/2 Miles, Simpang Salak South Baru (Lot 3, Jalan Kuchai Lama), 58200 Kuala Lumpur.

The holding company of the Company is Toyo Seikan Kaisha, Ltd., which is incorporated in Japan and produces financial statements available for public use.

The principal activity of the Company is manufacture of printed and laminated flexible light packaging materials. There has been no significant change in the nature of this activity during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 April 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia. At the beginning of the current financial year, the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2008 as described fully in Note 2.3.

The financial statements of the Company have been prepared on a historical cost basis, except for the revaluation of certain buildings under property, plant and equipment and the long term leasehold land under prepaid land lease payments.

The financial statements are presented in Ringgit Malaysia ("RM").

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies

(a) Property, Plant and Equipment and Depreciation

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

Subsequent to recognition, property, plant and equipment except for factory and office buildings are stated at cost less accumulated depreciation and any accumulated impairment losses.

The factory and office buildings are stated at revalued amount less accumulated depreciation and any accumulated impairment losses. The factory and office buildings of the Company have not been revalued since they were first revalued in 1990. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of International Accounting Standard 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1990 valuation less accumulated depreciation and any accumulated impairment losses.

Capital work-in-progress is not depreciated as this asset is not ready and available for use yet. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Factory, office buildings and office renovation	2% - 10%
Plant and equipment	3.3% - 10%
Furniture, fixtures, fittings and motor vehicles	7.5% - 20%
Printing cylinders	25%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(b) Impairment of non-financial assets

The carrying amounts of the Company's assets other than inventories and capital work-in-progress, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset is reversed if, and 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. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(c) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average basis. The cost of raw materials comprises costs of purchase. The cost of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(d) Financial instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and at bank and fixed deposit which have an insignificant risk of changes in value, net of outstanding bank overdraft.

(ii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Payables

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



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(d) Financial instruments (Contd.)

(iv) Interest-bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(v) Equity instruments

Ordinary shares are classified as equity.

(e) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the exception of land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance leases - the Company as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(e) Leases (Contd.)

(ii) Finance leases - the Company as lessee (Contd.)

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(a).

(iii) Operating leases - the Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(f) Borrowing costs

All borrowing costs are recognised as an expense in the profit or loss in the period in which they are incurred.

(g) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(g) Income tax (Contd.)

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and 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 taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is 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 tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(h) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. 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 risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(i) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(i) Employee benefits (Contd.)

(ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund.

(j) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

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

The principal exchange rates used for each respective unit of foreign currency ruling at the balance sheet date are as follows:

	2008 RM	2007 RM
Japanese Yen	0.0385	0.0295
Singapore Dollar	2.4143	2.2938
United States Dollar	3.4755	3.3125



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised net of sales tax and discounts and upon the transfer of significant risks and rewards of ownerships to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs

On 1 January 2008, the Company adopted the following revised FRSs, amendment to FRS and interpretations :

FRS 107	: Cash Flow Statements
FRS 111	: Construction Contracts
FRS 112	: Income Taxes
FRS 118	: Revenue
FRS 120	: Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	: Interim Financial Reporting
FRS 137	: Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operations
IC Interpretation 1	: Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	: Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	: Applying the Restatement Approach under FRS 129 <i>Financial Reporting in Hyperinflationary Economies</i>
IC Interpretation 8	: Scope of FRS 2

The revised FRSs, amendment to FRS and Interpretations above do not have any significant impact on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations were issued but not yet effective and have not been applied by the Company:

FRSs and Interpretations		Effective for financial periods beginning on or after
FRS 4	: Insurance Contracts	1 January 2010
FRS 7	: Financial Instruments: Disclosures	1 January 2010
FRS 8	: Operating Segments	1 July 2009
FRS 139	: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	: Interim Financial Reporting and Impairment	1 January 2010

The new FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Company upon their initial adoption, except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

The Company is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

2.5 Significant Accounting Estimates and Judgements

(a) Critical Judgements Made in Applying Accounting Policies

The most significant effect on the amounts recognised in the financial statements in which management exercises judgements in the process of applying the Company's accounting policies is the classification of significant parts/components in plant and machinery.

The classification of significant parts/components in plant and machinery is performed based on physical inspection and consultation with the Company's engineers and machine suppliers.

(b) Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is depreciation of plant and equipment.

The cost of plant and machinery for the manufacture of flexible packaging materials is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 10 to 30 years based on the existing useful lives of similar assets in use. Changes in the expected level of usage and maintenance performed could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The difference in the average useful lives of these assets from management's estimates would not result in material variance in loss for the year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant Accounting Estimates and Judgements (Contd.)

(b) Key sources of estimation uncertainty (Contd.)

During the current financial year, the Company has carried out the impairment test based on a variety of estimation including the value-in-use of the cash-generating unit ("CGU") to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

3. REVENUE

Revenue represents the invoiced value of sales net of sales tax and returns.

4. OTHER INCOME

Included in other income are:

	2008 RM	2007 RM
Sales of scrap material	326,746	274,934
Interest income	82,710	46,634
Gain on disposal of property, plant and equipment	4,999	9,714

5. EMPLOYEE BENEFITS EXPENSES

	2008 RM	2007 RM
Wages and salaries	6,871,388	6,889,749
Social security contributions	98,818	99,217
Contributions to defined contributions plan	1,033,368	1,022,140
Short term accumulating compensated absences	45,517	42,840
Gratuities	10,000	3,000
Other benefits	2,598,734	2,634,966
	10,657,825	10,691,912

Included in employee benefits expense of the Company are executive directors' remuneration amounting to RM195,158 (2007: RM181,834) as further disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

6. DIRECTORS' REMUNERATION

	2008 RM	2007 RM
Executive Director:		
Salaries and other emoluments	114,768	114,459
Fees	14,000	14,000
Estimated money value of benefits-in-kind	66,390	53,375
Amount included in employee benefit expense	<u>195,158</u>	<u>181,834</u>
Non-Executive Directors:		
Fees	115,667	122,000
Gratuities	10,000	3,000
	<u>125,667</u>	<u>125,000</u>
Total	<u>320,825</u>	<u>306,834</u>
Total directors' remuneration excluding benefits-in-kind	<u>254,435</u>	<u>253,459</u>
Analysis excluding benefits-in-kind:		
Total executive director's remuneration	128,768	128,459
Total non-executive directors' remuneration	125,667	125,000
Total directors' remuneration excluding benefits-in-kind	<u>254,435</u>	<u>253,459</u>

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2008	2007
Executive director:		
RM150,001 - RM200,000	<u>1</u>	<u>1</u>
Non-executive directors:		
Below RM50,000	<u>7</u>	<u>7</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

7. FINANCE COSTS

	2008 RM	2007 RM
Interest expense on:		
Bank overdraft	39,908	33,173
Revolving credit and banker's acceptances	339,318	248,780
Term loan	170,663	265,128
Loans from holding company	588,798	160,578
Hire purchase	9,601	8,384
	<u>1,148,288</u>	<u>716,043</u>

8. LOSS BEFORE TAX

The following amounts have been included in arriving at loss before tax:

	2008 RM	2007 RM
Auditors' remuneration:		
- Statutory audit	30,000	30,000
- Other services	4,000	4,000
Amortisation of prepaid land lease payment (Note 12)	37,718	37,720
Provision for doubtful debts	177,789	59,795
Write down/(back) of inventories	2,575	(31,647)
(Gain)/loss on disposal of property, plant and equipment	(4,999)	55,676
Property, plant and equipment written off	375,539	829,057
Inventories written off	232,719	714,060
Rental expense	840,968	870,631
Net foreign exchange loss/(gain)		
- Realised	151,643	(61,946)
- Unrealised	<u>2,766,051</u>	<u>(482,814)</u>

9. INCOME TAX EXPENSE

	2008 RM	2007 RM
Malaysian income tax:		
- Underprovision in prior year	<u>350</u>	<u>-</u>

There is no tax charge for the year as the Company is in a tax loss position.

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year.

The domestic statutory tax rate will be reduced to 25% in subsequent years of assessment from the current year's rate of 26%, with effect from the year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

9. INCOME TAX EXPENSE (CONTD.)

A reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2008 RM	2007 RM
Loss before tax	(4,490,410)	(4,129,762)
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	(1,167,507)	(1,115,036)
Expenses not deductible for tax purposes	48,355	41,243
Deferred tax assets not recognised during the year	1,119,152	1,073,793
Underprovision of tax expense in prior year	350	-
Income tax expense for the year	350	-

Deferred tax assets and liabilities of the Company are as follows:

	2008 RM	2007 RM
Deferred tax assets	(3,949,032)	(2,784,434)
Deferred tax liabilities	3,949,032	2,784,434
	-	-

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

Deferred tax assets of the Company:

	Unabsorbed capital allowances RM	Provisions RM	Unrealised foreign exchange loss RM	Total RM
At 1 January 2007	(2,717,911)	(127,785)	-	(2,845,696)
Recognised in income statement	25,176	36,086	-	61,262
At 31 December 2007	(2,692,735)	(91,699)	-	(2,784,434)
Recognised in income statement	(484,358)	11,273	(691,513)	(1,164,598)
At 31 December 2008	(3,177,093)	(80,426)	(691,513)	(3,949,032)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

9. INCOME TAX EXPENSE (CONTD.)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM	Others RM	Total RM
At 1 January 2007	2,820,925	24,771	2,845,696
Recognised in income statement	(166,851)	105,589	(61,262)
At 31 December 2007	2,654,074	130,360	2,784,434
Recognised in income statement	1,294,958	(130,360)	1,164,598
At 31 December 2008	3,949,032	-	3,949,032

Deferred tax assets have not been recognised in respect of the following items:

	2008 RM	2007 RM
Unabsorbed capital allowances	12,956,564	8,652,133
Unutilised reinvestment allowances	21,988,959	14,830,135
	<u>34,945,523</u>	<u>23,482,268</u>

The unabsorbed capital allowances and unutilised reinvestment allowances of the Company is available for offsetting against future taxable profits subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority. Deferred tax assets in respect of the above items will only be recognised when it is probable that there would be sufficient taxable income in future years.

10. LOSS PER SHARE

The loss per share is calculated by dividing loss for the year by the weighted average number of ordinary shares in issue during the financial year.

	2008 RM	2007 RM
Loss for the year (RM)	<u>(4,490,760)</u>	<u>(4,129,762)</u>
Weighted average number of ordinary shares in issue	<u>42,042,824</u>	<u>42,042,824</u>
Loss per share (sen)	<u>(10.68)</u>	<u>(9.82)</u>

There are no shares in issuance which have dilutive effect to the basic loss per share of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

11. PROPERTY, PLANT AND EQUIPMENT

	Factory, office buildings and office renovation RM	Plant and equipment RM	Furniture, fixtures, fittings and motor vehicles RM	Printing cylinders RM	Total RM
At 31 December 2008					
Cost or Valuation					
At 1 January 2008					
At cost	10,453,636	43,127,746	5,163,047	5,471,947	64,216,376
At valuation	1,600,000	-	-	-	1,600,000
	12,053,636	43,127,746	5,163,047	5,471,947	65,816,376
Additions	262,614	13,360,694	658,538	1,025,626	15,307,472
Disposals	-	-	(63,500)	-	(63,500)
Write off	-	(7,350)	(1,990)	(571,272)	(580,612)
Adjustment	-	-	-	5,815	5,815
At 31 December 2008	12,316,250	56,481,090	5,756,095	5,932,116	80,485,551
Representing:					
At cost	10,716,250	56,481,090	5,756,095	5,932,116	78,885,551
At valuation	1,600,000	-	-	-	1,600,000
At 31 December 2008	12,316,250	56,481,090	5,756,095	5,932,116	80,485,551
Accumulated Depreciation					
At 1 January 2008	2,938,294	29,971,633	3,067,339	2,397,161	38,374,427
Charge for the year	286,297	1,273,607	508,687	1,304,739	3,373,330
Disposals	-	-	(63,499)	-	(63,499)
Write off	-	(5,267)	(763)	(199,043)	(205,073)
Adjustment	-	-	-	5,815	5,815
At 31 December 2008	3,224,591	31,239,973	3,511,764	3,508,672	41,485,000
Net carrying amount					
At cost	8,099,659	25,241,117	2,244,331	2,423,444	38,008,551
At valuation	992,000	-	-	-	992,000
At 31 December 2008	9,091,659	25,241,117	2,244,331	2,423,444	39,000,551

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Factory, office buildings and office renovation RM	Plant and equipment RM	Furniture, fixtures, fittings and motor vehicles RM	Printing cylinders RM	Total RM
At 31 December 2007					
Cost or Valuation					
At 1 January 2007					
At cost	10,469,168	45,729,734	6,102,063	6,607,917	68,908,882
At valuation	1,600,000	-	-	-	1,600,000
	12,069,168	45,729,734	6,102,063	6,607,917	70,508,882
Additions	6,700	521,943	132,171	1,679,353	2,340,167
Disposals	-	(2,386,587)	-	-	(2,386,587)
Write off	(22,232)	(737,344)	(1,071,187)	(2,815,323)	(4,646,086)
At 31 December 2007	12,053,636	43,127,746	5,163,047	5,471,947	65,816,376
Representing:					
At cost	10,453,636	43,127,746	5,163,047	5,471,947	64,216,376
At valuation	1,600,000	-	-	-	1,600,000
At 31 December 2007	12,053,636	43,127,746	5,163,047	5,471,947	65,816,376
Accumulated Depreciation					
At 1 January 2007	2,688,074	31,792,011	3,653,472	2,590,810	40,724,367
Charge for the year	272,451	1,219,103	481,266	1,809,615	3,782,435
Disposals	-	(2,315,346)	-	-	(2,315,346)
Write off	(22,231)	(724,135)	(1,067,399)	(2,003,264)	(3,817,029)
At 31 December 2007	2,938,294	29,971,633	3,067,339	2,397,161	38,374,427
Net carrying amount					
At cost	8,091,342	13,156,113	2,095,708	3,074,786	26,417,949
At valuation	1,024,000	-	-	-	1,024,000
At 31 December 2007	9,115,342	13,156,113	2,095,708	3,074,786	27,441,949

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (a) The buildings were revalued in 1990 by Jurukor Hartanah, an independent professional valuer, as approved by the relevant authorities and based on open market value on the existing use basis. The surplus arising from the revaluation has been transferred to the revaluation reserve account.

Had the revalued assets been carried at cost less accumulated depreciation, the net carrying amount of the assets that would have been included in the financial statements of the Company as at 31 December 2008 would have been RM496,367 (2007: RM522,271).

- (b) Net carrying amount of property, plant and equipment held under hire purchase and finance lease arrangements is RM423,022 (2007: RM345,897).
- (c) Included in property, plant and equipment of the Company are the following cost of fully depreciated assets which are still in use:

	2008 RM	2007 RM
Factory, office buildings and office renovation	29,000	29,000
Plant and equipment	23,180,899	22,755,866
Furniture, fixtures, fittings and motor vehicle	1,228,839	1,225,729
Printing cylinders	887,000	-

12. PREPAID LAND LEASE PAYMENT

	2008 RM	2007 RM
At 1 January	2,207,767	2,245,487
Amortisation for the year (Note 8)	(37,718)	(37,720)
At 31 December	2,170,049	2,207,767

- (a) The long term leasehold land were revalued in 1990 by Jurukor Hartanah, an independent professional valuer, as approved by the relevant authorities and based on open market value on the existing use basis. The surplus arising from the revaluation has been transferred to the revaluation reserve account.

Following the adoption of FRS 117 on 1 January 2006, the unamortised revalued amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments and amortised over the lease term.

- (b) The Company is the beneficial owner of the long term leasehold land. The long term leasehold land is currently registered under the name of Ajinomoto (Malaysia) Berhad, which is a corporate shareholder of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

13. INVENTORIES

	2008 RM	2007 RM
Cost		
Raw materials	5,499,033	4,394,051
Work-in-progress	878,326	1,512,136
Finished goods	2,914,255	1,762,213
	<u>9,291,614</u>	<u>7,668,400</u>
Net realisable value		
Finished goods	97,169	83,632
	<u>9,388,783</u>	<u>7,752,032</u>

The cost of inventories including production overheads and labour costs recognised as an expense during the financial year amounted to RM68,596,051 (2007: RM67,885,779).

14. TRADE RECEIVABLES

	2008 RM	2007 RM
Trade receivables	18,008,537	19,169,929
Less: Provision for doubtful debts	(1,948,511)	(1,770,722)
	<u>16,060,026</u>	<u>17,399,207</u>

The Company's normal credit term ranges from 30 to 90 (2007: 60 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

As at balance sheet date, the Company has significant concentration of credit risk in the form of outstanding balances due from 30 (2007: 30) customers representing approximately 88% (2007: 86%) of total trade receivables.

15. OTHER RECEIVABLES

	2008 RM	2007 RM
Deposits	74,305	65,305
Prepayments	294,615	5,585,300
Advance payment for trade purchases	41,867	516,874
Sundry Receivables	32,762	15,650
	<u>443,549</u>	<u>6,183,129</u>

Included in prepayments is a down payment for the purchase of certain plant and machinery amounting to RM123,000 (2007: RM5,494,500).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

16. CASH AND CASH EQUIVALENTS

	2008 RM	2007 RM
Cash on hand and at banks	1,725,512	1,823,692
Deposits with a licensed bank	2,000,000	3,340,960
Cash and bank balances	3,725,512	5,164,652
Less: Bank overdrafts (Note 17)	(481,141)	(412,450)
Cash and cash equivalents	3,244,371	4,752,202

The weighted average effective interest rate and average maturity of deposits at the balance sheet date were 3.0% (2007: 3.2%) and 31 (2007: 31) days respectively.

17. BORROWINGS

	2008 RM	2007 RM
Short Term Borrowings		
Secured:		
Hire purchase and finance lease payables (Note 18)	67,053	103,210
Unsecured:		
Term loan	1,625,000	1,625,000
Bank overdraft (Note 16)	481,141	412,450
Revolving credit	4,600,000	3,100,000
Banker's acceptances	4,888,000	2,922,000
	11,594,141	8,059,450
	11,661,194	8,162,660
Long Term Borrowings		
Secured:		
Hire purchase and finance lease payables (Note 18)	89,250	38,387
Unsecured:		
Term loan	812,500	2,437,500
Loans from holding company	23,013,735	11,297,777
	23,826,235	13,735,277
	23,915,485	13,773,664

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

17. BORROWINGS (CONTD.)

	2008 RM	2007 RM
Total Borrowings		
Bank overdraft (Note 16)	481,141	412,450
Revolving credit	4,600,000	3,100,000
Banker's acceptances	4,888,000	2,922,000
Term loan	2,437,500	4,062,500
Loans from holding company	23,013,735	11,297,777
Hire purchase and finance lease payables (Note 18)	156,303	141,597
	<u>35,576,679</u>	<u>21,936,324</u>
Maturity of borrowings (excluding hire purchase and finance lease payables):		
Within one year	11,594,141	8,059,450
Later than 1 year and less than 2 years	812,500	1,625,000
Later than 2 years and less than 5 years	11,861,406	5,331,611
Later than 5 years	11,152,329	6,778,666
	<u>35,420,376</u>	<u>21,794,727</u>

The effective interest rates at balance sheet date for the borrowings, excluding hire purchase and finance lease payables, were as follows:

	2008 %	2007 %
Term loan	5.5	5.5
Loans from holding company	1.8 - 5.1	2.0 - 5.1
Bank overdraft	7.0 - 7.5	7.3 - 7.8
Revolving credit	4.2 - 4.3	4.2 - 4.3
Banker's acceptances	<u>4.1 - 4.5</u>	<u>4.1 - 4.5</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

18. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	2008 RM	2007 RM
Future minimum lease payments:		
Not later than 1 year	73,476	108,432
Later than 1 year and not later than 2 years	28,392	45,084
Later than 2 years and not later than 5 years	70,928	-
Total future minimum lease payments	172,796	153,516
Less: Future finance charges	(16,493)	(11,919)
Present value of finance lease liabilities (Note 17)	156,303	141,597
Analysis of present value of finance lease liabilities:		
Not later than 1 year	67,053	103,210
Later than 1 year and not later than 2 years	25,500	38,387
Later than 2 years and not later than 5 years	63,750	-
	156,303	141,597
Less: Amount due within 12 months (Note 17)	(67,053)	(103,210)
Amount due after 12 months (Note 17)	89,250	38,387

The Company has hire purchase contracts for various items of property, plant and equipment (Note 11(b)). There are no restrictions placed upon the Company by entering into these leases and no arrangements have been entered into for contingent rental payments.

The hire purchase and finance lease liabilities of the Company are subject to an effective interest rate of 4.30% - 5.31% (2007: 5.31%) per annum.

Other information of financial risks of hire purchase and finance lease liabilities are disclosed in Note 26.

19. TRADE PAYABLES

	2008 RM	2007 RM
Third parties	6,890,204	9,356,302
Related parties		
DIC (Malaysia) Sdn. Bhd.	262,557	498,298
Saiwai Shoji Co. Ltd.	1,101,175	1,364,065
	8,253,936	11,218,665

DIC (Malaysia) Sdn. Bhd. is a subsidiary of DIC Corporation (formerly known as Dainippon Ink & Chemicals, Inc.), which is a corporate shareholder of the Company and Saiwai Shoji Co., Ltd. is a fellow subsidiary of the Company.

The normal credit terms granted to the Company ranges from 30 to 90 (2007: 60 to 90) days.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

20. OTHER PAYABLES

	2008 RM	2007 RM
Accruals	1,027,187	1,009,768
Sundry payables	2,210,691	1,675,464
	<u>3,237,878</u>	<u>2,685,232</u>

Included in accruals are:

- (a) a provision for accumulating compensated absences amounting to RM309,489 (2007: RM291,090); and
- (b) accrued interest for loans from holding company amounting to RM187,310 (2007: RM160,578).

21. SHARE CAPITAL

	Number of Ordinary Share of RM1 Each		Amount	
	2008	2007	2008 RM	2007 RM
Authorised:				
1 January/31 December	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>
Issued and fully paid:				
1 January/31 December	<u>42,042,824</u>	<u>42,042,824</u>	<u>42,042,824</u>	<u>42,042,824</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

22. OTHER RESERVE (NON-DISTRIBUTABLE)

	2008 RM	2007 RM
Revaluation reserve - leasehold land		
At 1 January/31 December	<u>64,979</u>	<u>64,979</u>

The revaluation reserve arose from the revaluation of long term leasehold land in 1990.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

23. OPERATING LEASE ARRANGEMENTS

The Company as lessee

The Company has entered into non-cancellable operating lease agreements for the use of land and buildings. These leases have an average life of between 2 and 3 years with renewal but no purchase option included in the contracts. The Company is required to give, on an average, a two-month notice for the termination of these leases.

The Company also leases various buildings and equipments under cancellable operating lease agreements. The Company is required to give a two-month notice for the termination of these agreements.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	2008 RM	2007 RM
Future minimum lease payables:		
Not later than 1 year	613,489	617,689
Later than 1 year and not later than 5 years	537,614	1,124,103
	<u>1,151,103</u>	<u>1,741,792</u>

24. CAPITAL COMMITMENTS

	2008 RM	2007 RM
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	<u>622,000</u>	<u>5,458,000</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

	Note	2008 RM	2007 RM
Loans from holding company		8,861,760	11,831,160
Purchase of raw materials from DIC (Malaysia) Sdn. Bhd., a subsidiary of DIC Corporation (formerly known as Dainippon Ink & Chemicals, Inc.), a corporate shareholder	(i)	1,275,179	1,192,585
Purchase of raw materials from Saiwai Shoji Co., Ltd., a fellow subsidiary	(i)	3,691,316	1,520,870
Sales of finished goods to Ajinomoto (Malaysia) Berhad, a corporate shareholder	(i)	4,153,551	3,375,191
Rental expense charged by Ajinomoto (Malaysia) Berhad, a corporate shareholder	(i)	<u>587,089</u>	<u>48,874</u>

Information regarding outstanding balance arising from related party transactions as at 31 December 2008 are disclosed in Notes 17 and 19.

- (i) The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed between parties.

(b) Compensation of key management personnel

The remuneration of members of key management during the year excluding directors was as follows:

	2008 RM	2007 RM
Salaries, allowances and bonuses	614,843	579,639
Estimated money value of benefits-in-kind	119,633	102,128
Contributions to defined contribution plan	<u>41,400</u>	<u>32,202</u>
Total short-term employee benefits	<u>775,876</u>	<u>713,969</u>

Remuneration of directors is as disclosed in Note 6. Certain directors of the Company have received salaries from its holding company amounting to RM1,388,235 (2007: RM1,422,287).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

26. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its interest rate risk, foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Company has no significant interest-bearing financial assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Company's primary interest rate risk relates to interest-bearing borrowings, the Company had no substantial long-term interest-bearing assets as at 31 December 2008.

The Company manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Company actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Foreign Exchange Risk

The Company is exposed to transactional currency risk primarily through borrowings, sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Japanese Yen, United States Dollar and Singapore Dollar. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

26. FINANCIAL INSTRUMENTS (CONTD.)

(c) Foreign Exchange Risk (Contd.)

The net unhedged financial assets and financial liabilities of the Company that are not denominated in the functional currency of the Company are as follows:

	Net financial assets/(liabilities) held in non-functional currencies		
	Japanese Yen RM	Singapore Dollars RM	United States Dollars RM
At 31 December 2008:			
Trade Receivables	-	747,404	460,243
Cash and bank balances	1,166,511	202	181
Trade Payables	1,821,562	-	336,988
Borrowings	13,073,805	-	9,939,930
At 31 December 2007:			
Trade Receivables	-	272,596	1,178,548
Cash and bank balances	-	652,772	1,025
Trade Payables	1,372,804	42,435	335,992
Borrowings	1,824,027	-	9,473,750

(d) Liquidity Risk

The Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Company maintains sufficient levels of cash or cash convertible instruments to meet its working capital requirements. In addition, the Company strives to maintain available banking facilities of a reasonable level to its overall debt position.

(e) Credit Risk

The Company's credit risk is primarily attributable to trade receivables. Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Company management reporting procedures.

Information on significant concentration of credit risk is as disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

26. FINANCIAL INSTRUMENTS (CONTD.)

(f) Fair values

The carrying amounts of financial assets and liabilities of the Company at the balance sheet date approximated their fair values except for the followings:

	Note	Carrying Amount RM	Fair Value RM
At 31 December 2008:			
Hire purchase and finance lease payables	18	156,303	148,481
Term loan	17	2,437,500	2,407,407
Loans from holding company	17	<u>23,013,735</u>	<u>22,406,890</u>
At 31 December 2007:			
Hire purchase and finance lease payables	18	141,597	148,438
Term loan	17	4,062,500	3,565,431
Loans from holding company	17	<u>11,297,777</u>	<u>11,176,618</u>

The carrying amounts of cash and cash equivalents, and trade and other receivables/payables approximated their fair values due to the relatively short term maturity of these financial instruments.

The fair value of borrowings has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of lending, borrowing and leasing arrangements.

27. SEGMENTAL INFORMATION

- Segmental reporting by business activities has not been prepared as the Company is principally engaged only in the manufacture of printed and laminated flexible light packaging materials.
- Segmental reporting by geographical regions has not been prepared as the Company's operations are predominantly in Malaysia.

ANALYSIS OF SHAREHOLDING 21 APRIL 2009

Class of shares : RM1.00 Ordinary Share
Voting rights : 1 Vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

	No. of Shareholders	%	No. of Shares	%
Less than 100	215	12.14	9,241	0.02
100 to 1,000	130	7.34	74,095	0.18
1,001 to 10,000	1,227	69.28	3,779,569	8.99
10,001 to 100,000	179	10.11	4,798,893	11.42
100,001 to less than 5% of issued shares	17	0.96	3,970,034	9.44
5% and above of issued shares	3	0.17	29,410,992	69.95
	<u>1,771</u>	<u>100.00</u>	<u>42,042,824</u>	<u>100.00</u>

SUBSTANTIAL SHAREHOLDERS

	No. of Shares	%
Toyo Seikan Kaisha, Ltd.	23,104,569	54.95
DIC Corporation	4,204,283	10.00
Ajinomoto (Malaysia) Berhad	2,102,140	5.00
	<u>29,410,992</u>	<u>69.95</u>

DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
	No. of shares	%	No. of shares	%
1 Datuk Sulaiman Bin Daud	-	-	-	-
2 Manabu Watanabe	-	-	-	-
3 Ho Chee Siong	-	-	-	-
4 Kazuhisa Kobayashi	-	-	-	-
5 Mitsunobu Suzumi	14,000	0.03	-	-
6 Mitsuo Kondo	-	-	-	-



LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 21 APRIL 2009

	No. of Shares	%
1. Toyo Seikan Kaisha, Ltd.	23,104,569	54.95
2. DIC Corporation	4,204,283	10.00
3. Ajinomoto (Malaysia) Berhad	2,102,140	5.00
4. RHB Capital Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Teh Kian Lang	356,400	0.85
5. Chuah Chew Hing	340,000	0.81
6. Dato' Teo Soo Cheng	333,300	0.79
7. Ho Siew Lee	332,700	0.79
8. Goh Yai Heng	300,000	0.71
9. Ong Leong Huat	264,500	0.63
10. Billy Ho Kum Chew	258,000	0.61
11. Quah Lake Jen	251,800	0.60
12. Citigroup Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Khor Keng Saw @ Khaw Ah Soay	234,000	0.56
13. Tan Lan Diang	231,800	0.55
14. EB Nominees (Tempatan) Sendirian Bhd Beneficiary: Pledged Securities Account for Chee Sai Mun	182,200	0.43
15. HLB Nominees (Tempatan) Sdn. Bhd Beneficiary: Pledged Securities Account for Loh Kuan Fong	168,000	0.40
16. Tasec Nominees (Asing) Sdn. Bhd. Beneficiary: TA Securities (HK) Ltd. for Jeffrey Smith	150,000	0.36
17. Soh Poh Yen	142,667	0.34
18. Chua Eng Ho Wa'a @ Chua Eng Wah	142,000	0.34
19. Loh Kee Fook	142,000	0.34
20. MKW Consolidated Sdn. Bhd.	140,667	0.33
21. Lim Kim Huat	100,000	0.24
22. Public Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Teh Kian Lang	99,900	0.24
23. Chuah Cheng Soon	86,000	0.20
24. TA Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Chua Eng Ho Waa @ Chua Eng Wah	84,000	0.20
25. Lee Mun Leong	81,000	0.19
26. Teo Soo Cheng Sdn Bhd	80,000	0.19
27. Teh Yoke Fong	75,000	0.18
28. Chee Sai Mun	72,467	0.17
29. Lua Cheng Sea	72,000	0.17
30. Mah King Woon Sendirian Berhad	68,000	0.16
	<u>34,199,393</u>	<u>81.33</u>

PROPERTIES - AS AT 31 DECEMBER 2008

Address	Description (Sq-Ft)	Existing Use	Tenure (Expiry Date)	Approximate Age of Buiding (Years)	Net Book Value (RM)	Date of Revaluation (DR)/Date of Acquisition (DA)
1. Part of Lot L.O No. 3 in the Mukim of Kuala Lumpur and registered under provisional title No. Q.T.(R)5621 Jalan Kuchai Lama, Petaling 58200 Kuala Lumpur	Industrial land with a single-storey factory and three-storey office premises (93,778)	Office and factory	Leasehold (31.07.2066)	34	11,231,806	16.2.1976(DA) 6.3.1990(DR) 30.3.1995(DA)
2. Lot 90D, 74-2A, Jalan 2/116B Kuchai Entrepreneurs Park 58200 Kuala Lumpur	Apartment on 2nd Floor of three-storey shop cum apartment building (870)	Staff quarters	Leasehold (23.06.2081)	19	11,987	19.3.1992(DA)
3. Lot 95F, 3-3A, Jalan 2/116B Kuchai Entrepreneurs Park 58200 Kuala Lumpur	Apartment on 3rd Floor of three-storey shop cum apartment building (932)	Staff quarters	Leasehold (23.06.2081)	19	17,915	18.3.1993(DA)

Revaluation Policy on Landed Properties

The Company does not have a policy to revalue its landed properties on a regular basis. There was no revaluation of its landed properties during the financial year under review.

Note: This page has been left blank intentionally.

Note: This page has been left blank intentionally.

MALAYSIA PACKAGING INDUSTRY BERHAD

Company No. 22265 - U
(Incorporated in Malaysia)

FORM OF PROXY

No. of shares held

I/We,
of
being a member/members of MALAYSIA PACKAGING INDUSTRY BERHAD, hereby appoint
..... (NRIC No.)
of
or failing him (NRIC No.)
of
as my/our proxy to vote for me/us and on my/our behalf at the THIRTY-FOURTH ANNUAL GENERAL MEETING of
the Company to be held at 6½ Mile, Simpang Salak South Baru, (Lot 3, Jalan Kuchai Lama), 58200 Kuala Lumpur
on Monday, 22 June 2009 at 10.00 a.m.. and at any adjournment thereof. The proxy is to vote on the business
before the meeting as indicated below (if no indication is given, the proxy will vote as he thinks fit or abstain from
voting):

Ordinary Resolution No.		For	Against
1	Adoption of the Report of the Directors and the audited Financial Statements for the financial year ended 31-12-2008 and the Report of the Auditors thereon.		
2	Approval of payment of Directors' Fees.		
3	Re-election of Mr. Mitsunobu Suzumi as director		
4	Re-election of Mr. Mitsuo Kondo as director		
5	Re-election of Mr. Kazuhisa Kobayashi as director		
6	Re-appointment of Auditors.		
7	Proposed renewal of shareholders' mandate – DIC (Malaysia) Sdn. Bhd.		
8	Proposed renewal of shareholders' mandate – TSK Group		

Dated this day of June 2009.

The proportion of *my/our holding to be represented by my *proxy/proxies are as follows:

First Named Proxy %
Second Named Proxy %

100%

=====

In case of a vote taken by show of hands, the first named proxy shall vote on *my/our behalf.

.....
Signature of Shareholder

Tel No.

Notes:

- 1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- 2) If the appointer is a corporation, the proxy form should be executed under its common seal or under the hand of an officer or attorney duly authorised.
- 3) The instrument appointing a proxy must be deposited at the office of Bina Management (M) Sdn. Bhd., Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

Fold Here

Form of Proxy

The Company Secretary
Bina Management (M) Sdn. Bhd.
Lot 10, The Highway Centre
Jalan 51 / 205
46050 Petaling Jaya
Selangor Darul Ehsan



Fold Here

Registered Office

6 1/2 Mile, Simpang Salak South Baru
(Lot 3, Jalan Kuchai Lama)

58200 Kuala Lumpur

P.O.Box 11145, 50736 Kuala Lumpur

Tel : 603-7983 1877

Fax: 603-7981 3198

Homepage : www.maypak.com



MALAYSIA PACKAGING INDUSTRY BERHAD
(Incorporated in Malaysia) (22265-U)