ORNAPAPER BERHAD

(573695-W)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2009

573695-W

Ornapaper Berhad
(Incorporated in Malaysia)

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Ornapaper Berhad
(Incorporated in Malaysia)

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

Principal activities

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are manufacturing and sale of corrugated boards and carton boxes.

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

Results

	Group RM	Company RM
Profit for the year	4,806,094	1,213,081
Attributable to:		
Equity holders of the Company	4,604,882	1,213,081
Minority interests	201,212	-
	4,806,094	1,213,081

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 Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

The amount of dividends paid by the Company since 31 December 2008 was as follows:

	RM
Interim tax exempt dividend of 1% on 75,250,601 ordinary shares paid on 15 December 2009 for the financial year ended 31 December 2009	752,506

The directors do not recommend any final dividend to be paid in respect of the current financial year.

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 :

Lim Tau Lih
Tuan Haji Azhar bin Nayan
See Wan Seng
Siow Kee Yen
Adillah binti Ahmad Nordin
Ang Kwee Teng
Sai Chin Hock (appointed on 26 January 2010)

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 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 shown in Note 7 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 he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 30 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			
	1.1.2009	**Acquired**	**Sold**	**31.12.2009**
Direct interest				
Lim Tau Lih	5,374,045	-	-	5,374,045
Tuan Haji Azhar bin Nayan	25,000	-	-	25,000
Siow Kee Yen	130,500	-	-	130,500
Adillah binti Ahmad Nordin	14,000	-	-	14,000
Ang Kwee Teng	10,000	-	-	10,000

Directors' interests (continued)

	Number of ordinary shares of RM1 each			
	1.1.2009	Acquired	Sold	31.12.2009
Indirect interest				
See Wan Seng	18,634,888	-	-	18,634,888
Ang Kwee Teng	18,634,888	-	-	18,634,888

Ang Kwee Teng and See Wan Seng, by virtue of their interests in shares in the Company, are also deemed interested in shares in all the Company's subsidiaries to the extent that the Company has an interest.

Other statutory information

(a) Before the income statements and balance sheets of the Group and 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 all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values 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:

(i) render the amount written off as bad debts or the amount provided for as doubtful debts inadequate to any substantial extent; and

(ii) render the values attributed to the current assets in the financial statements of the Group and 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 Group and 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 Group and of the Company which would render any amount stated in the financial statements misleading.

Other statutory information (continued)

(e) As at the date of this report, there does not exist:-

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

(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 Group or 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 Group or 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 28 April 2010.

Lim Tau Lih Ang Kwee Teng

Melaka, Malaysia

Ornapaper Berhad
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 169 (15) of the Companies Act, 1965

We, Lim Tau Lih and Ang Kwee Teng , being two of the directors of Ornapaper Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 8 to 55 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2010.

Lim Tau Lih	Ang Kwee Teng

Melaka, Malaysia

Statutory declaration
Pursuant to Section 169 (16) of the Companies Act, 1965

I, Lim Tau Lih, being the director primarily responsible for the financial management of Ornapaper Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 8 to 55 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 Lim Tau Lih at Melaka in the State of Melaka on 28 April 2010	Lim Tau Lih

Before me,

CHOO YONG CHUAN
Commissioner for Oaths

Independent auditors' report to the members of
Ornapaper Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Ornapaper Berhad, which comprise the balance sheets as at 31 December 2009, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 55.

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 judgment, 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.

Independent auditors' report to the members of Ornapaper Berhad (continued)

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 Group and of the Company as at 31 December 2009 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements.

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

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) 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

Lee Ah Too
2187/09/11(J)
Chartered Accountant

Melaka, Malaysia
Date: 28 April 2010

Ornapaper Berhad
(Incorporated in Malaysia)

Income statements
For the year ended 31 December 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Continuing operations					
Revenue	3	156,461,455	190,586,153	1,559,554	200,000
Cost of sales		(125,768,738)	(161,525,447)	-	-
Gross profit		30,692,717	29,060,706	1,559,554	200,000
Other income	4	659,170	663,372	674	-
Administrative expenses		(6,694,300)	(6,482,606)	(246,708)	(167,463)
Selling and marketing expenses		(10,302,009)	(11,766,495)	(3,533)	(5,664)
Other expenses		(5,161,499)	(4,697,146)	(91,526)	(590,890)
Operating profit/(loss)	5	9,194,079	6,777,831	1,218,461	(564,017)
Finance income		7,800	26,701	79	843
Finance costs		(3,043,548)	(4,865,027)	(421)	(29,804)
Profit/(loss) before tax		6,158,331	1,939,505	1,218,119	(592,978)
Tax expense	8	(1,352,237)	(757,398)	(5,038)	(20,340)
Profit/(loss) for the year from continuing operations		4,806,094	1,182,107	1,213,081	(613,318)
Discontinued operations					
Profit for the year from discontinued operations	9	-	2,792,360	-	-
Profit/(loss) for the year		4,806,094	3,974,467	1,213,081	(613,318)
Attributable to:					
Equity holders of the Company		4,604,882	2,584,484	1,213,081	(613,318)
Minority interests		201,212	1,389,983	-	-
		4,806,094	3,974,467	1,213,081	(613,318)
Earnings per share attributable to equity holders of the Company (sen):					
Basic (Continuing operations)	10	6.1	1.4		
Basic (Discontinued operations)	10	-	2.0		
Basic, for profits for the year	10	6.1	3.4		
Diluted (Continuing operations)	10	6.1	1.4		
Diluted (Discontinued operations)	10	-	2.0		
Diluted, for profit for the year	10	6.1	3.4		

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

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Ornapaper Berhad
(Incorporated in Malaysia)

Balance sheets as at 31 December 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Assets					
Non-current assets					
Property, plant and equipment	12	73,044,140	72,563,670	-	-
Prepaid land lease payments	14	14,177,105	14,420,255	-	-
Goodwill	15	1,633,024	1,633,024	-	-
Investment in subsidiaries	16	-	-	75,585,432	75,585,432
Other investments	17	254,400	254,400	-	-
		89,108,669	88,871,349	75,585,432	75,585,432
Current assets					
Inventories	18	23,134,256	21,674,465	-	-
Trade receivables	19	61,161,201	58,881,277	-	-
Other receivables	20	3,522,758	3,738,962	10,731,203	10,509,482
Tax recoverable		536,954	431,671	85,465	47,965
Cash and bank balances	21	13,564,890	5,015,359	259,661	40,755
		101,920,059	89,741,734	11,076,329	10,598,202
Total assets		191,028,728	178,613,083	86,661,761	86,183,634
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	22	75,250,601	75,250,601	75,250,601	75,250,601
Share premium	23	11,155,900	11,155,900	11,155,900	11,155,900
Retained earnings/ (Accumulated losses)	24	13,208,071	9,355,695	205,078	(255,497)
Shareholders' equity		99,614,572	95,762,196	86,611,579	86,151,004
Minority interests		536,219	335,007		-
Total equity		100,150,791	96,097,203	86,611,579	86,151,004
Non-current liabilities					
Borrowings	25	6,139,648	6,008,235	-	-
Deferred tax liabilities	27	3,113,006	3,074,898	-	-
Non-current liabilities		9,252,654	9,083,133	-	-

Ornapaper Berhad
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Balance sheets as at 31 December 2009

		Group		Company	
	Note	**2009**	**2008**	**2009**	**2008**
		RM	**RM**	**RM**	**RM**
Current liabilities					
Borrowings	25	59,909,874	60,137,460	-	-
Trade payables	28	15,701,648	7,105,099	-	-
Other payables		5,716,601	5,859,998	50,182	32,630
Current tax payable		297,160	330,190	-	-
		81,625,283	73,432,747	50,182	32,630
Total liabilities		90,877,937	82,515,880	50,182	32,630
Total equity and liabilities		191,028,728	178,613,083	86,661,761	86,183,634

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

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Ornapaper Berhad
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Statements of changes in equity
For the year ended 31 December 2009

	← Non-distributable			→	Distributable			
	Share capital RM	Share premium RM	Foreign exchange reserve RM	Foreign exchange reserve relating to assets held for sale RM	Retained earnings RM	Total attributable to equity holders of the Company RM	Minority interests RM	Total equity RM
Group								
At 1 January 2008	75,250,601	11,155,900	(17,393)	(1,999,337)	9,931,609	94,321,380	6,090,015	100,411,395
Foreign currency translation recognised directly in equity	-	-	8,460	(399,622)	-	(391,162)	(319,272)	(710,434)
Disposal of subsidiaries	-	-	8,933	2,398,959	(2,407,892)	-	(6,825,719)	(6,825,719)
Profit for the year	-	-	-	-	2,584,484	2,584,484	1,389,983	3,974,467
Total recognised income and expense for the year	-	-	17,393	1,999,337	176,592	2,193,322	(5,755,008)	(3,561,686)
Dividend (Note 11)	-	-	-	-	(752,506)	(752,506)	-	(752,506)
At 31 December 2008	75,250,601	11,155,900	-	-	9,355,695	95,762,196	335,007	96,097,203
Profit for the year, representing total recognised income and expense for the year	-	-	-	-	4,604,882	4,604,882	201,212	4,806,094
Dividend (Note 11)	-	-	-	-	(752,506)	(752,506)	-	(752,506)
At 31 December 2009	75,250,601	11,155,900	-	-	13,208,071	99,614,572	536,219	100,150,791

Ornapaper Berhad
(Incorporated in Malaysia)
Statements of changes in equity

	← Non-distributable	→	Distributable	
	Share capital RM	Share premium RM	Retained earnings/ (accumulated losses) RM	Total RM
Company				
At 1 January 2008	75,250,601	11,155,900	1,110,327	87,516,828
Dividend (Note 11)	-	-	(752,506)	(752,506)
Loss for the year, representing total recognised income and expense for the year	-	-	(613,318)	(613,318)
At 31 December 2008	75,250,601	11,155,900	(255,497)	86,151,004
Dividend (Note 11)	-	-	(752,506)	(752,506)
Profit for the year, representing total recognised income and expense for the year	-	-	1,213,081	1,213,081
At 31 December 2009	75,250,601	11,155,900	205,078	86,611,579

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

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Ornapaper Berhad
(Incorporated in Malaysia)

Cash flow statements
For the year ended 31 December 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cash flows from operating activities					
Profit/(loss) before tax:					
- Continuing operations		6,158,331	1,939,505	1,218,119	(592,978)
- Discontinued operations	9(a)	-	2,792,360	-	-
Adjustments for :					
Bad debts written off		18,960	3,888	-	-
Depreciation and amortisation:					
- Property, plant and equipment	12	6,359,684	6,187,825	-	-
- Prepaid land lease payments	14	243,150	246,244	-	-
(Gain)/loss on disposal of:					
- Property, plant and equipment		(272,204)	(91,440)	-	-
- Investment property		-	(10,758)	-	-
- Investment in subsidiaries	9(d)	-	(241,772)	-	481,396
Provision for doubtful debts		734,402	2,158,617	-	-
Dividend income		(70)	(772)	(1,350,000)	-
Interest expense		3,043,548	4,865,027	421	29,804
Interest income		(7,800)	(26,701)	(79)	(843)
Operating profit/(loss) before working capital changes		16,278,001	17,822,023	(131,539)	(82,621)
Increase in inventories		(1,459,791)	(614,482)	-	-
(Increase)/decrease in receivables		(2,817,080)	9,459,450	(221,721)	(5,804,138)
Increase/(decrease) in payables		8,453,150	(14,694,730)	17,552	(23,294)
Cash generated from/(used in) operations		20,454,280	11,972,261	(335,708)	(5,910,053)
Interest paid		(3,043,548)	(4,865,027)	(421)	(29,804)
Interest received		7,800	26,701	79	843
Taxes (paid)/refunded		(1,452,442)	(1,096,010)	(5,038)	82,630
Net cash generated from/(used in) operating activities		15,966,090	6,037,925	(341,088)	(5,856,384)

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Ornapaper Berhad
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Cash flow statements

		Group		Company	
	Note	**2009**	**2008**	**2009**	**2008**
		RM	**RM**	**RM**	**RM**
Cash flows from investing activities					
Net dividends received		70	772	1,312,500	-
Purchase of:					
- Property, plant and equipment	12(c)	(3,349,468)	(3,815,258)		
- Other investments		-	(10,000)	-	-
Proceeds from disposal of:					
- Property, plant and equipment		541,518	1,941,223	-	-
- Investment property		-	420,000	-	-
- Subsidiaries	9(d)	-	4,711,802	-	8,430,207
Net cash (used in)/generated from investing activities		(2,807,880)	3,248,539	1,312,500	8,430,207
Cash flows from financing activities					
(Repayment)/drawdown of term loans		(456,070)	13,167,323	-	(1,851,174)
Payment of dividend		(752,506)	-	(752,506)	(752,506)
Repayment of finance lease payables		(3,274,255)	(3,328,429)	-	-
Increase/(decrease) in short term borrowings		530,899	(14,487,591)	-	-
Net cash used in financing activities		(3,951,932)	(4,648,697)	(752,506)	(2,603,680)
Cash and cash equivalents					
Net increase/(decrease) during the year		9,206,278	4,637,767	218,906	(29,857)
Effect of foreign exchange rate changes		-	(1,464,943)	-	-
At beginning of year		(856,825)	(4,029,649)	40,755	70,612
At end of year	21	8,349,453	(856,825)	259,661	40,755

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

Notes to the financial statements - 31 December 2009

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business is situated at No. 8998, Kawasan Perindustrian Peringkat IV, Batu Berendam, 75350 Melaka, Malaysia.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are manufacturing and sale of corrugated boards and carton boxes. There have been no significant changes in the nature of the principal activities 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 28 April 2010.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia ("FRS").

The financial statements of the Company have also been prepared on a historical basis, unless otherwise indicated in the accounting policies below.

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

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of any potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(a) Subsidiaries and basis of consolidation (continued)

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared using the same reporting date as the Company. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

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

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is, instead, reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(c) 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 Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of 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 buildings	2%
Plant and machinery, factory equipment and electrical installation	5% to 20%
Other assets	10% to 20%

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 carrying amount is recognised in profit or loss.

(d) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are initially measured at cost, including transaction costs. Subsequent to recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is not depreciated.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(d) Investment properties (continued)

Investment properties are derecognised upon disposal or upon permanent withdrawal from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at cost.

(e) Impairment of non-financial assets

The carrying amounts of non-financial assets, other than inventories and tax recoverable, 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 goodwill, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

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. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

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

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 first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises. Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill 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 other than goodwill 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 other than goodwill is recognised in profit or loss.

(f) Inventories

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

Cost is determined using the weighted average method. The cost of raw materials comprises costs of purchase. The costs 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.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(g) Financial instruments

Financial instruments are recognised in the balance sheet when the Group 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, 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 Group 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 purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, net of any outstanding bank overdrafts.

(ii) Other non-current investments

Non-current investments other than investments in subsidiaries are stated at cost less impairment losses. On disposal of such an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(iii) Receivables

Trade and other 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.

(iv) Payables

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

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

(v) 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.

(vi) Equity instruments

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

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

(h) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of properties are classified as operating or finance leases in the same way as leases of other assets and the land and building elements of a lease of property 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 following exception:

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(h) Leases (continued)

(i) Classification (continued)

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

- 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 Group as lessee

Assets acquired by way 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 Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

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(c).

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(h) Leases (continued)

(iii) Operating leases - the Group 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 property, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the building elements in proportion to the relative fair values for leasehold interest in the land and building elements 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.

(iv) Operating leases - the Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(i) 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 end and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(i) Income tax (continued)

Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax 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, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(j) 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.

(ii) Defined contributions plans

Defined contribution plans are post-employment benefit plans under which the Group 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. Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 taxes and upon transfer of significant risks and rewards of ownership 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) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iii) Management fee

Management fee is recognised when service is rendered.

(l) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities in the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies 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 exchange rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(l) Foreign currencies (continued)

(ii) Foreign currency transactions (continued)

Exchange differences arising from the settlement or translation of monetary items are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

(iii) Foreign operations

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

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(l) Foreign currencies (continued)

(iii) Foreign operations (continued)

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2007 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2007 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Non-current assets (or disposal groups) held for sale and discontinued operation

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

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(n) Non-current assets (or disposal groups) held for sale and discontinued operation (continued)

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

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

2.3 New and revised FRS, amendments to FRS and Interpretation

(a) At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group:

Effective for financial periods beginning on or after 1 July 2009

- FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010

- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments: Disclosures
- FRS 101: Presentation of Financial Statements (revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

2. Significant accounting policies (continued)

2.3 Standards and interpretations issued but not yet effective (continued)

- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 7: Financial Instruments: Disclosures
- Amendments to FRSs ‘Improvements to FRSs (2009)’
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions

Effective for financial periods beginning on or after 1 March 2010

- Amendments to FRS 132 Financial Instruments: Presentation - Classification of Rights Issues

Effective for financial periods beginning on or after 1 July 2010

- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations (revised)
- FRS 127: Consolidated and Separate Financial Statements (amended)
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS138: Intangible Assets
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation I5: Agreements for the Construction of Real Estate
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

Effective for financial periods beginning on or after 1 January 2011

- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 7 Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments

2. Significant accounting policies (continued)

2.3 Standards and interpretations issued but not yet effective (continued)

The Group plans to adopt the above pronouncements when they become effective in the respective financial periods.

(b) Unless otherwise described below, the above pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

FRS 3: Business Combinations (revised)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

The changes by FRS 3 (revised) will be applied prospectively and only affect future acquisition.

FRS 8: Operating Segment

FRS 8 replaces FRS 114 *2004*: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

2. Significant accounting policies (continued)

2.3 Standards and interpretations issued but not yet effective (continued)

FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income.

The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

FRS 7: Financial Instruments: Disclosures, FRS 139: Financial Instruments: Recognition and Measurement, Amendments to FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's exposure to risks, enhanced disclosure regarding components of the Group and the Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

2. Significant accounting policies (continued)

2.3 Standards and interpretations issued but not yet effective (continued)

Amendments to FRSs 'Improvements to FRSs (2009)'

FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.

FRS 140 Investment Property: Property under construction or development for future use as an investment property is classified as investment property. Where the fair value model is applied, such property is measured at fair value. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. The Company has previously accounted for such assets using the cost model. The amendment also includes changes in terminology in the Standard to be consistent with FRS 108. The change will be applied prospectively.

2.4 Significant Accounting Estimates and Judgments

(a) Critical judgments made in applying accounting policies

There were no critical judgments made by management in the process of applying the Company's accounting policies that could have any significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2. Significant accounting policies (continued)

2.4 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty (continued)

(i) Depreciation of plant and machinery

The cost of plant and machinery for the manufacture of carton boxes 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 5 to 20 years which are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Impairment of goodwill

The Group determines whether goodwill are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill are allocated. Estimating a value-in-use amount requires management 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. The carrying amount of goodwill as at 31 December 2009 is RM1,633,024 (2008: RM1,633,024). Further details are disclosed in Note 15.

(iii) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses, capital allowances and re-investment allowances to the extent that it is probable that taxable profit will be available against which the tax losses and such allowances can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3. Revenue

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sales of goods	156,461,455	190,586,153	-	-
Dividend income from subsidiaries	-	-	1,350,000	-
Management fees from subsidiaries	-	-	209,554	200,000
	156,461,455	190,586,153	1,559,554	200,000

4. Other income

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Dividend income on equity investments, quoted in Malaysia	70	772	-	-
Rental from operating leases	201,500	192,000	-	-
Insurance claims	87,516	-	-	-
Commission received	75,741	174,865	-	-
Others	294,343	295,735	674	-
	659,170	663,372	674	-

5. Operating profit/(loss)

The following amounts have been charged/(credited) in arriving at operating profit/(loss):

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Auditors' remuneration				
- Statutory audit (current year)	118,000	114,600	30,000	30,000
- Statutory audit (prior year)	(6,250)	(3,500)	(5,250)	(2,000)
- Other services	24,200	28,925	7,300	11,800
Bad debts written off	18,960	3,888	-	-
Depreciation and amortisation:				
- Property, plant and equipment (Note 12)	6,359,684	6,187,825	-	-
- Prepaid land lease payments (Note 14)	243,150	243,151	-	-

5. Operating profit/(loss) (continued)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Foreign exchange gains	(16,717)	(70,502)	-	(61,974)
(Gain)/loss on disposal of:				
- Property plant and equipment	(272,204)	(91,440)	-	-
- Investment property	-	(10,758)	-	-
- Investment in subsidiaries	-	(241,772)	-	481,396
Minimum operating lease payments				
- Land and buildings	299,908	249,762	-	-
- Plant and equipment	30,350	20,600	-	-
Provision for doubtful debts	734,402	2,158,617	-	-

6. Employee benefits expense

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive directors (Note 7)				
Directors of the Company	931,276	959,667	98,233	38,289
Other directors of subsidiaries	734,870	623,535	-	-
	1,666,146	1,583,202	98,233	38,289
Other key management personnel				
Salaries and wages	101,800	243,048	-	-
Defined contribution plans	12,096	29,788	-	-
	113,896	272,836	-	-
Other staff costs				
Salaries and wages	12,156,365	11,983,601	-	-
Defined contribution plans	1,016,991	972,641	-	-
Other related costs	1,278,355	2,166,646	-	-
	14,451,711	15,122,888	-	-
	16,231,753	16,978,926	98,233	38,289

7. Directors' remuneration

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Directors of the Company				
Executive directors (Note 6):				
Fees	140,000	148,000	63,000	23,500
Salaries and other emoluments	713,000	732,660	33,500	14,500
Defined contribution plans	78,276	79,007	1,733	289
	931,276	959,667	98,233	38,289
Non-executive directors:				
Fees	147,000	126,000	84,000	84,000
Other emoluments	10,000	10,500	9,500	10,500
	157,000	136,500	93,500	94,500
Other directors of subsidiaries				
Executive directors (Note 6):				
Salaries and other emoluments	653,970	554,448	-	-
Defined contribution plans	80,900	69,087	-	-
	734,870	623,535	-	-
Total directors' remuneration	1,823,146	1,719,702	191,733	132,789

The esimated money value of benefits-in-kind for the Group in respect of executive directors of the Company amounted to RM13,294 (2008: RM6,500).

The number of directors of the Company whose total annual remuneration received from the Group that fell within the following bands is analysed below:

	2009	2008
Executive directors		
Below RM50,000	1	-
RM100,001 to RM150,000	-	1
RM150,001 to RM200,000	1	-
RM250,001 to RM300,000	-	1
RM600,001 to RM650,000	-	1
Above RM650,000	1	-
Non-executive directors		
Below RM50,000	-	3
Above RM50,000	3	-

8. Tax expense

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Current tax:				
Malaysian income tax	1,309,091	916,884	-	-
Underprovision in prior years	5,038	-	5,038	-
	1,314,129	916,884	5,038	-
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	(137,930)	(212,411)	-	-
Relating to reduction in income tax rate	(87,000)	(32,000)	-	-
Underprovision in prior years	263,038	84,925	-	20,340
	38,108	(159,486)	-	20,340
	1,352,237	757,398	5,038	20,340

In the previous financial year, certain subsidiaries with paid up share capital of RM2.5 million or less qualify for the preferential tax rate of 20% on the first RM500,000 of the chargeable income and any excess of chargeable income over RM500,000 shall be subject to the Malaysian statutory tax rate of 26%. Effective year of assessment 2009, these subsidiaries no longer qualify for the preferential tax rate of 20% and income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the year.

A reconciliation of tax expense applicable to profit/(loss) before tax at the statutory income tax rate to tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Profit/(loss) before tax from:				
- Continuing operations	6,158,331	1,939,505	1,218,119	(592,978)
- Discontinued operations	-	2,792,360	-	-
	6,158,331	4,731,865	1,218,119	(592,978)
Taxation at 25% (2008: 26%)	1,539,583	1,230,285	304,530	(154,176)
Effect of different tax rates in other countries	-	(726,014)	-	-
Effect of income subject to preferential tax rate	-	(42,887)	-	-
Effect of changes in tax rates on opening balance of deferred tax	(91,227)	-	-	-

8. Tax expense (continued)

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Deferred tax recognised at different tax rates	-	(32,000)	-	-
Effect of expenses not deductible for tax purposes	179,308	344,950	-	27,504
Effect of income not subject to tax	(18,628)	(21,663)	(304,530)	-
Effect of double deduction of expenses	(4,383)	(13,815)	-	-
Effect of utilisation of current year's re-investment allowances	(740,538)	(742,322)	-	-
Deferred tax asset de-recognised on unabsorbed re-investment allowances	-	110,035	-	-
Deferred tax asset not recognised on unutilised losses	-	123,560	-	126,672
Deferred tax asset not recognised on unabsorbed capital allowances	220,046	442,344	-	-
Underprovision of current tax in prior years	5,038	-	5,038	-
Underprovision of deferred tax in prior years	263,038	84,925	-	20,340
Tax expense for the year	1,352,237	757,398	5,038	20,340

The amounts relating to continuing operations available for carried forward to offset against future taxable income are as follows:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Unabsorbed tax losses	1,830,000	1,444,000	-	115,000
Unabsorbed capital allowances	1,438,000	986,000	-	-
Unabsorbed re-investment allowances	22,360,000	21,451,000	-	-
	25,628,000	23,881,000	-	115,000

9. Discontinued operations and disposal group held for sale

In the previous financial year, the Company disposed of its subsidiaries, Yuen Foong Yu Paper Enterprise Dong Nai Company Limited ("YFYP") and Hello Paper Co Ltd. ("HP"), for an equivalent of RM8,430,207 and RM148,036 respectively. The disposals were completed in April 2008 and October 2008 respectively. The assets and liabilities of YFYP and HP were de-consolidated and the results from these subsidiaries were presented separately on the consolidated income statement as discontinued operations.

(a) Analysis of the results of the discontinued operations

	Group	
	2009 RM	2008 RM
Revenue	-	24,213,837
Administration and general expenses	-	(21,041,968)
Interest income	-	17,345
Interest expense	-	(396,854)
Profit for the year from discontinued operations	-	2,792,360

(b) Profit for the year from discontinued operations

The following amounts have been charged in arriving at profit after tax of discontinued operations:

	Group	
	2009 RM	2008 RM
Auditors' remuneration	-	4,965
Employee benefits expense	-	877,975
Prepaid land lease payments (Note 14)	-	3,093

(c) Cash flows attributable to the discontinued operations

	Group	
	2009 RM	2008 RM
Operating cash flows	-	(20,035,669)
Investing cash flows	-	1,840,316
Financing cash flows	-	19,677,362
Total cash flows	-	1,482,009

9. Discontinued operations and disposal group held for sale (continued)

(d) Effects of disposals on financial position

	Group	
	2009	2008
	RM	RM
Assets/(liabilities)		
Property, plant and equipments	-	37,531,417
Prepaid land lease payments	-	442,341
Investments	-	7,275
Inventories	-	12,203,394
Trade and other receivables	-	16,718,279
Cash and bank balances	-	3,866,441
Short and long term borrowings	-	(31,061,875)
Trade and other payables	-	(24,545,082)
Net assets disposed	-	15,162,190
Minority interests share of net assets	-	(6,825,719)
Group's share of net assets	-	8,336,471
Total disposal proceeds	-	(8,578,243)
Gain on disposal to the Group	-	(241,772)
Cash inflow arising from disposal		
Cash consideration	-	8,578,243
Cash and cash equivalents of subsidiaries disposed	-	(3,866,441)
Net cash inflow to the Group	-	4,711,802

	Company	
	2009	2008
Investment in YFYP		
Cost of investment	-	20,911,603
Less: Impairment loss	-	(12,000,000)
Carrying amount	-	8,911,603
Total disposal proceeds	-	(8,430,207)
Loss on disposal to the Company	-	481,396

The disposal of HP had no effect on the Company's financial position as it was disposed by a subsidiary of the Company.

10. Earnings per share

Basic and diluted earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company with the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2009	**2008**
	RM	**RM**
Attributable to ordinary equity holders of the Company:		
Profit from continuing operations	4,604,882	1,048,686
Profit from discontinuing operations	-	1,535,798
Profit for the year	4,604,882	2,584,484
Weighted average number of ordinary share in issue	75,250,601	75,250,601
Basic and diluted earnings per share (sen):		
Profit from continuing operations	6.1	1.4
Profit from discontinuing operations	-	2.0
Profit for the year	6.1	3.4

The basic and diluted earnings per share are the same as there are no dilutive potential ordinary shares outstanding during the current and previous financial year.

11. Dividend

	2009	**2008**
	RM	**RM**
In respect of financial year ended 31 December 2007:		
First and final tax exempt dividend of 1% on 72,250,601 ordinary shares (1.0 sen per ordinary share)	-	752,506
In respect of financial year ended 31 December 2009:		
Interim tax exempt dividend of 1% on 72,250,601 ordinary shares (1.0 sen per ordinary share)	752,506	-
	752,506	752,506

12. Property, plant and equipment

	Factory buildings RM	Plant and machinery RM	Other assets RM	Total RM
Group - 2009				
Cost				
At 1 January 2009	36,114,785	90,538,977	9,373,203	136,026,965
Additions	90,341	6,514,487	504,640	7,109,468
Disposals	-	(677,295)	(883,493)	(1,560,788)
At 31 December 2009	36,205,126	96,376,169	8,994,350	141,575,645
Accumulated depreciation				
At 1 January 2009	7,806,419	48,401,379	7,255,497	63,463,295
Charge for the year (Note 5)	1,075,983	4,643,908	639,793	6,359,684
Disposals	-	(576,537)	(714,937)	(1,291,474)
At 31 December 2009	8,882,402	52,468,750	7,180,353	68,531,505
Carrying amount	27,322,724	43,907,419	1,813,997	73,044,140
Group - 2008				
Cost				
At 1 January 2008	35,725,346	88,388,872	8,732,094	132,846,312
Additions	389,439	3,106,105	937,031	4,432,575
Disposals	-	(956,000)	(236,921)	(1,192,921)
Disposal of subsidiaries	-	-	(59,001)	(59,001)
At 31 December 2008	36,114,785	90,538,977	9,373,203	136,026,965
Accumulated depreciation				
At 1 January 2008	6,853,824	44,806,498	6,815,938	58,476,260
Charge for the year (Note 5)	952,595	4,540,479	694,751	6,187,825
Disposals	-	(945,598)	(234,763)	(1,180,361)
Disposal of subsidiaries	-	-	(20,429)	(20,429)
At 31 December 2008	7,806,419	48,401,379	7,255,497	63,463,295
Carrying amount	28,308,366	42,137,598	2,117,706	72,563,670

12. Property, plant and equipment (continued)

(a) Other assets comprise motor vehicles, office equipment, furniture, fittings and office renovation.

(b) The factory buildings and certain plant and equipment are pledged to secure bank borrowings as disclosed in Note 25.

(c) Property, plant and equipment purchased by the Group during the financial year were by means of :

	2009 RM	2008 RM
Cash	3,349,468	3,815,258
Lease financing	3,760,000	617,317
	7,109,468	4,432,575

(d) The carrying amount of property, plant and equipment being acquired under instalment payment plans amounts to RM 11,910,840 (2008 : RM15,189,130).

13. Investment property

	Group	
	2009 RM	2008 RM
Cost		
At 1 January	-	461,742
Disposal	-	(461,742)
At 31 December	-	-
Accumulated depreciation		
At 1 January	-	52,500
Disposal	-	(52,500)
At 31 December	-	-
Carrying amount	-	-

The investment property was previously pledged to secure bank borrowings granted to the Group.

14. Prepaid land lease payments

	Group 2009 RM	Group 2008 RM
At 1 January	14,420,255	14,663,406
Amortisation during the year:		
- Continuing operations (Note 5)	(243,150)	(243,151)
- Discontinued operations (Note 9(b))	-	(3,093)
	(243,150)	(246,244)
Disposal of subsidiary	-	3,093
At 31 December	14,177,105	14,420,255
Relating to:		
Long term leasehold land	10,857,958	11,022,932
Short term leasehold land	3,319,147	3,397,323
	14,177,105	14,420,255

The above properties are pledged to secure bank borrowings as referred to in Note 25.

15. Goodwill

Impairment tests for goodwill

Goodwill has been allocated to the Group's CGUs identified according to the subsidiaries, as follows:

	Group 2009 RM	Group 2008 RM
Ornapaper Industry (Perak) Sdn. Bhd.	1,573,698	1,573,698
Ornapaper Industry (Johor) Sdn. Bhd.	59,326	59,326
	1,633,024	1,633,024

15. Goodwill (continued)

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used for value-in-use calculations are as follows:

	Ornapaper Industry (Perak) Sdn. Bhd.		Ornapaper Industry (Johor) Sdn. Bhd.	
	2009	2008	2009	2008
Gross margin	18%	19%	16%	15%
Growth rate	1%	1%	1%	1%
Discount rate	8%	8%	8%	8%

The following describes each key assumption used :

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year adjusted for expected increase in direct costs.

(ii) Growth rate

The weighted average growth rates used are consistent with past experience and based on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the group of assets in a CGU.

(iii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

The Group does not consider any reasonably possible change in the above key assumptions to materially cause the recoverable amounts to be lower than its carrying amount.

16. Investment in subsidiaries

	Company 2009 RM	Company 2008 RM
Unquoted shares at cost	75,585,432	75,585,432

Details of the subsidiaries, all of which were incorporated in Malaysia, are as follows :

Name of subsidiaries	Ownership interest 2009	Ownership interest 2008	Principal activities
Ornapaper Industry (M) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated boards and carton boxes
Ornapaper Industry (Batu Pahat) Sdn. Bhd.	100%	100%	Manufacturing and sale of carton boxes
Ornapaper Industry (Perak) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated boards and carton boxes
Tripack Packaging (M) Sdn. Bhd. #	100%	100%	Manufacturing and sale of carton boxes
Ornapaper Industry (Johor) Sdn. Bhd. #	80%	80%	Manufacturing and sale of carton boxes

Not audited by Ernst & Young

During the previous financial year, the subsidiaries, YFYP and HP, were disposed of. Information relating to the said disposals are set out in Note 9.

17. Other investments

	Group 2009 RM	Group 2008 RM
At cost:		
Quoted shares	19,400	19,400
Unquoted shares	235,000	235,000
	254,400	254,400
Market value of quoted shares	9,160	9,160

18. Inventories

	Group 2009 RM	Group 2008 RM
At cost :		
Raw materials and consumables	21,129,618	20,000,108
Work-in-progress	146,976	59,383
Finished goods	1,857,662	1,614,974
	23,134,256	21,674,465

19. Trade receivables

	Group 2009 RM	Group 2008 RM
Trade receivables	66,697,183	63,881,509
Provision for doubtful debts	(5,535,982)	(5,000,232)
	61,161,201	58,881,277

Bad debts of RM198,652 (2008: RM658,924) have been directly written off against the provision account during the year.

The Group's normal credit term ranges from 30 to 120 (2008: 30 to 120) days. Other credit terms are assessed and approved on a case-by-case basis. Overdue interest of 0.50% to 1.50% (2008: 0.50% to 1.50%) per month is charged on certain amounts exceeding credit terms.

The Group has significant concentration of credit risk that may arise from exposure to two debtors which amounted to RM14,004,709 (2007: RM11,803,780) and represents 23% (2008: 18%) of the total gross debts. These two debtors have strategic alliances with the Group and the directors are confident that, based on steps taken and the committed payment scheme by one of the debtors, the amounts, net of provisions made, will be recovered in full and as such, no further provision for doubtful debts is required.

20. Other receivables

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Deposits and prepayments	546,321	1,266,732	12,475	14,124
Other receivables	2,981,761	2,477,554	-	-
Due from subsidiaries	-	-	10,718,728	10,495,358
	3,528,082	3,744,286	10,731,203	10,509,482
Provision for doubtful debts	(5,324)	(5,324)	-	-
	3,522,758	3,738,962	10,731,203	10,509,482

The above amounts are unsecured, interest-free and repayable on demand.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors other than the amount due from subsidiaries, the debts of which account for 99% (2007: 99%) of the total gross amount receivables of the Company.

21. Cash and cash equivalents

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cash on hand and at banks	13,305,999	4,762,505	259,661	40,755
Deposits with licensed banks	258,891	252,854	-	-
Cash and bank balances	13,564,890	5,015,359	259,661	40,755

The deposits with licensed banks have been pledged to secure bank guarantee facilities.

The weighted average effective interest rate at the balance sheet date and the average maturity of deposits as at the end of the financial year were as follows :

	Weighted average interest rate 2009	Weighted average interest rate 2008	Average maturity 2009	Average maturity 2008
Deposits with licensed banks	3.50%	3.16%	365 days	100 days

21. Cash and cash equivalents (continued)

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the balance sheet date:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash and bank balances	13,564,890	5,015,359	259,661	40,755
Bank overdrafts (Note 25)	(5,215,437)	(5,872,184)	-	-
	8,349,453	(856,825)	259,661	40,755

22. Share capital

	Number of shares		Amount	
	2009	2008	2009 RM	2008 RM
Authorised				
Ordinary shares of RM1 each	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid				
Ordinary shares of RM1 each	75,250,601	75,250,601	75,250,601	75,250,601

23. Share premium

This non-distributable capital reserve arose from the issue of shares at a premium in previous years.

24. Retained earnings/(accumulated losses)

With effect from year of assessment 2008, tax on a company’s profit will be a final tax and dividends distributed to shareholders will be exempted from tax ("single tier system"). Section 108 tax credits are locked-in as at 31 December 2007 and companies with such tax credits are given a transitional period of 6 years until 31 December 2013 to either utilize their tax credits and frank dividends under limited circumstances or to disregard such tax credits and exercise the option to pay all dividends under the single tier system.

The Company has not elected for the single tier system and as at 31 December 2009, it has sufficient tax credits and tax exempt profits to frank dividends out of its entire retained earnings without incurring any additional tax liability.

25. Borrowings

	Group	
	2009	2008
	RM	RM
Short term borrowings		
Bank overdrafts (Note 21)	5,215,437	5,872,184
Bankers' acceptances	44,502,613	49,449,614
Trust receipts	7,090,787	1,612,887
Term loans	485,788	424,633
Finance lease payables (Note 26)	2,615,249	2,778,142
	59,909,874	60,137,460
Long term borrowings		
Term loans	2,413,801	2,931,026
Finance lease payables (Note 26)	3,725,847	3,077,209
	6,139,648	6,008,235
Total borrowings		
Bank overdrafts	5,215,437	5,872,184
Bankers' acceptances	44,502,613	49,449,614
Trust receipts	7,090,787	1,612,887
Term loans	2,899,589	3,355,659
Finance lease payables	6,341,096	5,855,351
	66,049,522	66,145,695
Maturity of borrowings		
Not later than one year	59,909,874	60,137,460
Later than one year and not later than 2 years	1,943,956	2,880,484
Later than 2 year and not later than 5 years	3,450,445	2,053,991
Later than 5 years	745,247	1,073,760
	66,049,522	66,145,695

The weighted average interest effective rates per annum at the balance sheet date for borrowings were as follows:

	Group	
	2009	2008
	%	%
Bank overdrafts	7.66	8.19
Bankers' acceptances	3.99	4.24
Trust receipts	6.80	8.00
Term loans	5.03	7.02
Finance lease payables	5.24	5.02

25. Borrowings (continued)

The borrowings are secured by the Group's factory buildings and certain other assets and a debenture covering fixed and floating charges over all the assets and properties as disclosed in Notes 12 and 14. The borrowings are additionally guaranteed by a director of a subsidiary and certain directors of the Company.

26. Finance lease payables

	Group	
	2009	2008
	RM	RM
Minimum finance lease payments :		
Not later than one year	2,949,690	3,048,912
Later than one year and not later than 2 years	1,566,150	2,080,938
Later than 2 years and not later than 5 years	2,549,093	1,198,531
	7,064,933	6,328,381
Less : Future finance charges	(723,837)	(473,030)
	6,341,096	5,855,351
Present value of finance lease payables :		
Not later than one year	2,615,249	2,778,142
Later than one year and not later than 2 years	1,359,942	2,428,600
Later than 2 years and not later than 5 years	2,365,905	648,609
	6,341,096	5,855,351
Due within 12 months (Note 25)	(2,615,249)	(2,778,142)
Due after 12 months (Note 25)	3,725,847	3,077,209

27. Deferred tax liabilities

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
At 1 January	3,074,898	3,234,384	-	(20,340)
Recognised in income statement (Note 8)	38,108	(159,486)	-	20,340
At 31 December	3,113,006	3,074,898	-	-
Relating to:				
Temporary differences on property, plant and equipment	8,545,508	8,505,798	-	-
Unabsorbed capital allowances	(216,449)	(83,000)	-	-
Unabsorbed re-investment allowances	(5,216,918)	(5,349,096)	-	-
Others	865	1,196	-	-
	3,113,006	3,074,898	-	-

27. Deferred tax liabilities (continued)

The following items were not recognised for deferred tax assets:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Unutilised tax losses	1,848,000	368,000	-	-
Unabsorbed capital allowances	572,000	256,000	-	-
Unabsorbed reinvestment allowances	1,493,000	113,000	-	-
	3,913,000	737,000	-	-

28. Trade payables

The credit terms granted to the Group range from 30 to 120 (2008: 30 to 120) days.

29. Contingent liabilities

	Company	
	2009 RM	2008 RM
Unsecured corporate guarantees given to bank for credit facilities granted to subsidiaries	92,676,000	59,752,000

30. Significant related party transactions

(a) The transactions below have been entered into in the normal course of business and established on negotiated and mutually agreed basis:

	Group	
	2009 RM	2008 RM
Sales to companies in which Tay Kim Huat, a director of a subsidiary, has indirect interest :		
- Poh Huat Furniture Industries Vietnam Limited	-	2,775,236
- Poh Huat Furniture Industries (M) Sdn. Bhd.	-	1,586,672
Sales to company in which a substantial shareholder has interest		
- Perfect Food Manufacturing (M) Sdn. Bhd.	1,699,072	1,747,507

30. Significant related party transactions (continued)

	Company 2009 RM	Company 2008 RM
Net dividend received from subsidiaries:		
- Ornapaper Industry (M) Sdn. Bhd.	512,500	-
- Ornapaper Industry (Perak) Sdn. Bhd.	800,000	-
Commision paid to subsidiary:		
- Ornapaper Industry (BP) Sdn. Bhd.	75,741	-
Management fee charged to subsidiaries:		
- Ornapaper Industry (M) Sdn. Bhd.	140,000	140,000
- Ornapaper Industry (Perak) Sdn. Bhd.	50,000	50,000
- Ornapaper Industry (BP) Sdn. Bhd.	19,554	10,000

(b) Remuneration of key management personnel

The remuneration of key management personnel, including directors, is disclosed in Note 6.

31. Operating lease arrangements

The Group has entered into non-cancellable operating lease agreements for the use of land and buildings. The leases have an average life of between 2 to 48 years with renewal options in the contracts. Such contracts include fixed monthly rentals. The future aggregate minimum lease payments under such leases as at the balance sheet date but not included as liabilities are as follows:

	Group 2009 RM	Group 2008 RM
Not later than one year	93,960	57,540
Later than one year but not later than 2 years	38,400	21,600
	132,360	79,140

32. Financial instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

32. Financial instruments (continued)

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 December 2009.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group 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 Group is exposed to fluctuations in foreign exchange rates, mainly that of the United States Dollars. Foreign currency denominated liabilities together with expected cash flows to highly probable purchases give rise to foreign exchange exposures.

The unhedged financial assets/(liabilities) of the Group that are denominated in United States Dollars, are as follows:

	Financial assets/(liabilities)	
	2009	**2008**
	RM	**RM**
Trade receivables	73,302	144,149
Other receivables	-	18,960
Other payables	(82,013)	(25,797)

(d) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

32. Financial instruments (continued)

(e) Credit risk

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

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments except as disclosed in Notes 19 and 20.

(f) Fair Values

It is not practical to ascertain the fair values of the investments in subsidiaries and other unquoted investments because of the absence of market quoted prices and the inability to ascertain fair values without incurring excessive costs.

The carrying amounts of long term borrowings approximate fair values as the interest rates charged on these borrowings are either close to, or pegged to, market interest rates for loans of similar risk profile as at balance sheet date. The carrying amounts of other financial assets and other financial liabilities approximate fair values in view of their relatively short maturity periods.

33. Segment information

The Group operates in Malaysia and is principally involved in manufacturing and sale of corrugated board and carton boxes in Malaysia. Hence, there is no primary or secondary segment information to report.