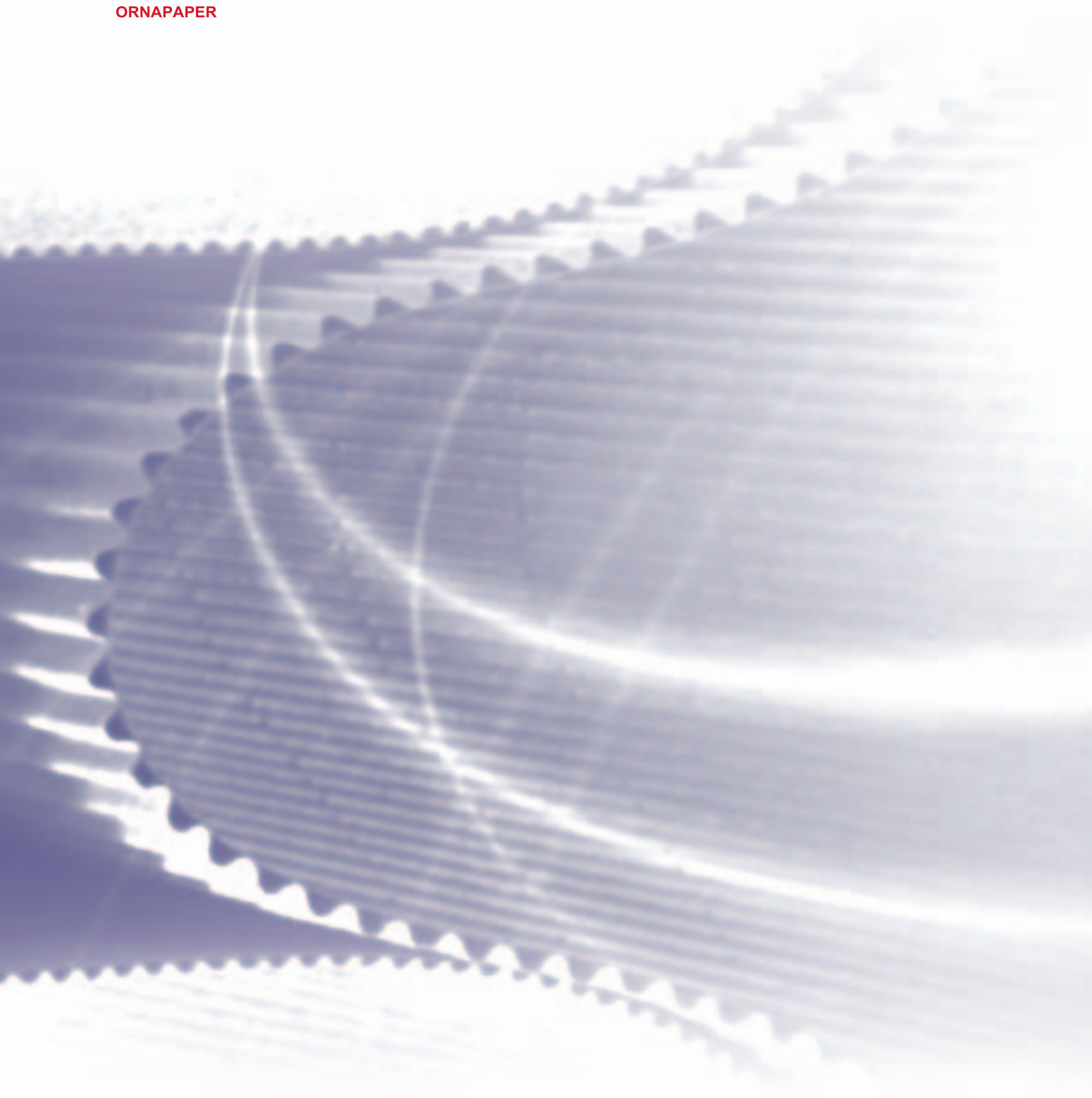




ORNAPAPER BERHAD
(573695-W)



Annual Report 2008

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Notice Of The Seventh Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting (AGM) of the Company will be held at the Conference Room at No. 8998, Kawasan Perindustrian Peringkat 4, Batu Berendam, 75350 Melaka on Friday, 26 June 2009 at 10.30 a.m.

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and the Auditors thereon. (Resolution 1)
2. To approve the payment of Directors' Fees for the financial year ended 31 December 2008. (Resolution 2)
3. To re-elect the following Directors who retire pursuant to Article 92 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-
 - (a) Mr. See Wan Seng (Resolution 3)
 - (b) Tuan Haji Azhar bin Nayan (Resolution 4)
4. To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. (Resolution 5)
5. **As Special Business**

To consider and if thought fit, with or without modification, to pass the following resolutions as Ordinary Resolutions:-

- Ordinary Resolution 1** (Resolution 6)
- **Authority To Issue Shares Pursuant To Section 132D Of The Companies Act, 1965**

"THAT subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company."



Notice Of The Seventh Annual General Meeting

Ordinary Resolution 2

(Resolution 7)

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

"THAT subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to Ornapaper Berhad and its subsidiaries (the Group) to enter into any of the category of recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 of the Company's Circular to Shareholders dated 3 June 2009 with the related party mentioned therein which are necessary for its day-to-day operations subject further to the following:

- (a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related party involved than generally available to the public and on terms not to the detriment of the minority shareholders; and
- (b) disclosure is made in the annual report of the breakdown of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year based on the following information:
 - (i) the types of recurrent related party transactions made; and
 - (ii) the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company.

THAT such approval shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which such Proposed Renewal of Shareholder's Mandate was passed, at which time it will lapse, unless by resolution passed at the general meeting, the authority is renewed;
- (b) the expiration of the period within which the AGM of the Company after the date is required to be held pursuant to the provisions of the Companies Act 1965; or
- (c) revoked or varied by resolution passed by the shareholders in an AGM or Extraordinary General Meeting,

whichever is earlier;



Notice Of The Seventh Annual General Meeting

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Renewal of Shareholders' Mandate."

6. To transact any other ordinary business of which due notice has been given.

By Order of the Board

Chua Siew Chuan (MAICSA 0777689)
Sean Ne Teo (LS 008058)
Company Secretaries

Melaka
3 June 2009

Explanatory Notes To Special Business:-

1. Authority to issue shares pursuant to Section 132D of the Companies Act 1965

The proposed adoption of the Ordinary Resolution No. 1 is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. This authority unless revoked or varied the Company in general meeting, will expire at the next AGM of the Company.

2. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue of trading nature

The proposed adoption of the Ordinary Resolution No. 2 is to renew the shareholders' mandate granted by the shareholders of the Company at the Sixth Annual General Meeting held on 26 June 2008. The proposed renewal of shareholders' mandate will enable the Group to enter into any of the recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations, subject to the transactions being in the ordinary course of business 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.

Notes:

- (i) In respect of deposited security, only members whose names appear in the Record of Depositors on 18 June 2009 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
- (ii) A member entitled to attend and vote at this Meeting is entitled to appoint more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provision of Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.



Notice Of The Seventh Annual General Meeting

- (iii) Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he or she specifies the proportion of his or her holdings to be represented by each proxy.
- (iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
- (v) The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 1A, 6th Floor, Menara Pertam, Jalan BBP 2, Taman Batu Berendam Putra, Batu Berendam, 75350 Melaka not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.



Statement Accompanying Notice of Annual General Meeting

Statement Accompanying Notice of Annual General Meeting Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad.

1. Details of Directors Standing for Re-election pursuant to Article 92 of the Company's Articles of Association

Directors who are standing for re-election at the Seventh AGM of the Company pursuant to Article 92 of the Company's Articles of Association are as follows:-

- Mr. See Wan Seng
- Tuan Haji Azhar bin Nayan

The details of the above Directors standing for re-election are set out in their respective profiles which appear on Pages 9 to 11 of this Annual Report.

2. Details of Attendance of Directors at Board Meetings

This information is found on Page 14 of this Annual Report.

3. The place, date and hour of AGM

Type : Seventh AGM
Date : 26 June 2009
Time : 10.30 a.m.
Venue : No. 8998 Kawasan Perindustrian Peringkat 4,
Batu Berendam, 75350 Melaka



Corporate Information

BOARD OF DIRECTORS

: Mr. Lim Tau Lih
Managing Director

Mr. Ang Kwee Teng
Mr. See Wan Seng
Executive Director

Tuan Haji Azhar bin Nayan
Non-Independent Non-Executive Director

Mr. Siow Kee Yen
Puan Adillah binti Ahmad Nordin
Independent Non-Executive Director

AUDIT COMMITTEE

Mr. Siow Kee Yen (Chairman)

Puan Adillah binti Ahmad Nordin

Tuan Haji Azhar bin Nayan

NOMINATION COMMITTEE

Mr. Siow Kee Yen (Chairman)

Puan Adillah binti Ahmad Nordin

Tuan Haji Azhar bin Nayan

REMUNERATION COMMITTEE

Puan Adillah binti Ahmad Nordin (Chairperson)

Mr. Siow Kee Yen

Tuan Haji Azhar bin Nayan

COMPANY SECRETARIES

Ms. Chua Siew Chuan (MAICSA 0777689)

Ms. Sean Ne Teo (LS 008058)

REGISTERED OFFICE

Lot 1A, 6th Floor
Menara Pertam, Jalan BBP 2,
Taman Batu Berendam Putra
Batu Berendam, 75350 Melaka.
Tel: 06-3355210 Fax: 06-3355570



Corporate Information

SHARE REGISTRAR

: Tenaga Korperat Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkar Syed Putra
59200 Kuala Lumpur
Tel: 603-22643883 Fax: 603-22821886
is.enquiry@my.tricorglobal.com

AUDITORS

Ernst & Young (AF 0039)
Chartered Accountants
Lot 1, 6th Floor
Menara Pertam, Jalan BBP 2,
Taman Batu Berendam Putra
Batu Berendam, 75350 Melaka.

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia
Securities Berhad



Profile of Directors

Mr Lim Tau Lih

Age	: 51
Nationality	: Malaysian
Designation/ Position in the Company	: Managing Director
Date of appointment	: 30 October 2006
Qualification	: Member of Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants
Work experience	: Manager of Coopers & Lybrand (1991 to 1996), Manager of Ernst & Young (1987 to 1991), Non-Executive Partner of Lim Tau Lih & Co.
Directorship in other Public Companies	: Nil
Securities holding in the Company and its subsidiaries	: Direct – 5,374,045 shares : Deemed – Nil
Family relationship with any directors and/ or major shareholders of the Company	: Nil
Conflict of interest with the Company	: Nil
List of conviction for offences within the past 10 years	: Nil

Tuan Haji Azhar bin Nayan

Age	: 46
Nationality	: Malaysian
Designation / Position in the Company	: Non-Executive Director
Date of appointment	: 2 December 2002
Qualification	: Degree in Bachelor of Science Accountancy; MBA in Finance; Member of American Institute of Certified Public Accountants
Work experience	: Management Consultant in Ernst & Whinny; Auditor with Arthur Andersen & Co.; General Manager in Lembaga Tabung Haji (1989 to present); Director of Ornapaper Industry (M) Sdn Bhd (present)
Directorship in other Public Companies	: Tafi Industries Berhad
Securities holding in the Company and its subsidiaries	: Direct - 25,000 shares : Deemed - Nil
Family relationship with any directors and / or major shareholders of the Company	: Nil
Conflict of interest with the Company	: Nil
List of conviction for offences within the past 10 years	: Nil

Profile of Directors

Mr See Wan Seng

Age	: 62
Nationality	: Malaysian
Designation / Position in the Company	: Executive Director
Date of appointment	: 2 December 2002
Qualification	: Bachelor of Commerce Degree from Nanyang University Singapore
Work experience	: Director & General Manager of Carton Box Industrial (M) Sdn Bhd (1990 to 1996); Director of Ornapaper Industry (M) Sdn Bhd (1995 to 2008); Director of Tripack Packaging (M) Sdn Bhd (2004 to 2008)
Directorship on other Public Companies	: Nil
Securities holding in the Company and its subsidiaries	: Direct - Nil : Deemed - 18,634,888 shares
Family relationship with any director and / or major shareholders of the Company	: Nil
Conflict of interest with the Company	: Nil
List of Conviction for offences within the past 10 years	: Nil

Mr Siow Kee Yen

Age	: 38
Nationality	: Malaysian
Designation / Position in the Company	: Independent Non-Executive Director
Date of appointment	: 2 December 2002
Qualification	: Member of Malaysian Institute of Accountants Honours Degree in Bachelor of Accountancy
Work experience	: Audit Senior in Arthur Andersen & Co. (1996-1999); Audit Manager with Chin & Co. (2000-2001); Partner of KY Siow & Co. (2001 to present)
Directorship in other Public Companies	: Nil
Securities holding in the Company and its subsidiaries	: Direct - 130,500 shares : Deemed - Nil
Family relationship with any directors and / or major shareholders of the Company	: Nil
Conflict of interest with the Company	: Nil
List of conviction for offences within the past 10 years	: Nil



Profile of Directors

Puan Adillah binti Ahmad Nordin

Age	: 40
Nationality	: Malaysian
Designation/ Position in the Company	: Independent Non-Executive Director
Date of appointment	: 2 December 2002
Qualification	: LL.B (Honours)
Work experience	: English Bar & Malaysian Bar (1993 & 1994); Advocate & Solicitor with Adillah A. Nordin (present)
Directorship in other Public Companies	: Nil
Securities holding in the Company and its subsidiaries	Direct – 14,000 shares Deemed – Nil
Family relationship with any directors and/ or major shareholders of the Company	: Nil
Conflict of interest with the Company	: Nil
List of conviction for offences within the past 10 years	: Nil

Mr. Ang Kwee Teng

Age	: 59
Nationality	: Malaysian
Designation / Position in the Company	: Executive Director
Date of appointment	: 2 December 2002
Qualification	: -
Work experience	: Director of Ornapaper Industry (M) Sdn Bhd (1995 to present)
Directorship in other Public Companies	: Golsta Synergy Berhad
Securities holding in the Company and its subsidiaries	Direct - 10,000 Deemed - 18,634,888 shares
Family relationship with any directors and / or major shareholders of the Company	: Nil
Conflict of interest with the Company	: Nil
List of conviction for offences within the past 10 years	: Nil



Managing Director's Statement

On behalf of the Board of Directors, I have pleasure in presenting the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2008.

ECONOMIC & BUSINESS ENVIRONMENT

The economic and business environment for 2008 was unprecedented. The rise in crude oil price to unprecedented levels and the resultant rise in commodity prices placed great financial strains on business operators. Whilst the global economy was buoyed by the rise in commodity prices, the sudden plunge in crude oil price, coupled with the financial tsunami triggered by the subprime crisis caused the final plunge of the global economy in 2008Q4 catching many by surprise. Those who embarked on intensive capital expenditure to meet the high market demand prior 2008Q4 had to deal with sudden drop in revenue, high capital repayments; high inventory holding costs and doubtful debt collections.

Apart from a decline in revenue, high inventory holding costs and doubtful debts, the Group has not been adversely affected in other aspects.

REVIEW OF FINANCIAL RESULTS

Over 2008Q4, the Group's revenue reduced and loss in 2008Q4 trimmed the profits up to 2008Q3. Quarterly revenue declined 30% from RM52 million to RM37 million, and Group's profit before tax was trimmed from RM6.4 million up to 2008Q3 to RM4.3 million by end of 2008Q4.

Yet, despite the adverse market outlook the Group managed to achieve gross profit margin of 16% for the year. This was due to the Board keeping constant tight surveillance on operational costs and marketing activities and pushing for higher production efficiencies thus resulting in the Group achieving the above results despite the 2008Q4 downturn.

The Group was awarded first place for the prestigious Sony's Best Supplier for Quality Innovation Project 2008 attesting to the Group's ability to provide quality product and service thus maintaining customers' confidence and capturing new business opportunities.

PROSPECT

The global economy is showing signs of bottoming and gradual recovery. The Group's revenue for 2009Q1 rose due to increased orders from multi-national customers. The Group has announced the 2009Q1 profits over 2008Q4 loss. With market feedback pointing towards 2009Q3 recovery, the Group is anticipating better results over the remaining quarters for 2009.

APPRECIATION

On behalf of the Board of Directors, I wish to thank our valued customers, suppliers, distributors, business associates, bankers and shareholders for their continuous support. I also take this opportunity to express our gratitude and appreciation to the government, relevant authorities and officers, for their guidance and assistance.

Last but not least, my sincere thanks to the management and staff for their dedicated commitment and valuable contribution to the Group.

Lim Tau Lih
Managing Director



Statement On Corporate Governance

The Board of Directors ("the Board") is committed to maintaining high standards of corporate governance within the group and are being practiced throughout the Group towards enhancing business prosperity, maximizing shareholders' value and supporting excellent corporate conduct based on the recommendation of the Malaysian Code on Corporate Governance ("the Code").

The Board further acknowledged that good corporate governance is a fundamental part of its responsibility in managing the business and operations of the Group. The following statement sets out how the Group has applied the Principles contained in Part 1 of the Code. The extend of the Group's compliance with the Best Practices set out in Part 2 of the Code is as stated in Compliance Statement.

BOARD OF DIRECTORS

Board Balance and Composition

The Board members comprise of one (1) Managing Director, two (2) Executive Directors, one (1) Non-Executive Director and two (2) Independent Non-Executive Directors. The Composition of the Board not only relect the wide range of experiences, skills and knowledge required in the paper packaging industry, but also professionals with diverse knowledge and skills in the areas of accounting, legal, and general management. There is also a balanced mix of experience and expertise to effectively discharge its stewardship responsibilities in spearheading the Group's growth and future direction.

A profile of individual Director are set out on pages 9 to 11 of this Annual Report.

The Board balance is reflected through the contributions of Independent Non-Executive Directors. The Independent Non-Executive Directors provide objective and independent judgement to facilitate balance leadership of the Group as well as to safeguard interest of the minority shareholders and other stakeholders by ensuring the highest standard of conduct and integrity are maintained by the Group. The Non-Executive Director contribute significantly in areas such as policy and strategy, performance monitoring as well as improving governance and controls.

Board Responsibilities

The Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Management Committee ("MC") assists the Board in the day-to-day operations of the Group. The MC comprises the Managing Director and heads of departments within the Group.

The Board has also delegated certain responsibilities to other Board Committees, which operate within clearly defined terms of reference.

Board Meetings

The Board meets at least four (4) times a year, with additional meetings convened as required. Notice of Board meetings with an agenda and board paper for each agenda item to be discussed would be distributed to all Directors for timely and accurate information prior to the meeting.



Statement On Corporate Governance

Six (6) meetings were convened during the financial year ended 31 December 2008. Details of the attendance of the Directors at the meetings are as follows:-

Director	Attendance
Lim Tau Lih	6/6
Ang Kwee Teng	6/6
See Wan Seng	6/6
Azhar bin Nayan	6/6
Siow Kee Yen	6/6
Adillah binti Ahmad Nordin	6/6

At each meeting, the Board considers the financial statements and results of the Group for the period ended for each quarter, the performance of the business of the Group, new business development proposals, policies and strategic issues affecting the Group's business and factors imposing potential risks in the business of the Group.

In the interval between Board meetings, for exceptional matters requiring urgent Board decisions, Boards approval are sought via circular resolutions, which are attached with sufficient and relevant information required for an informed decision to be made.

In accordance with the Company's Articles of Association, at least one third (1/3) of the Directors or the number nearest to one-third (1/3), shall retire by rotation at each Annual General Meeting and at least once every three (3) years. The Directors retiring from office shall be eligible for re-election by the shareholders.

Directors Training

The Directors are aware of the need for continuous updates of their skills and knowledge to maximize their effectiveness as Directors and assist them in discharging their duties during their tenure of service. During the year, they have attended, either collectively or individually, various programs and briefing to keep them updated on the regulatory changes as well as future market developments in the global financial market.

The following are training programs, seminars and conferences attended by Directors of the Company in 2008:-

- (i) 4th Asia Pacific Audit & Governance Summit 2008
- (ii) IIAM Conference 2008
- (iii) Implementing an Effective System of Internal Control for SMEs and Public Companies
- (iv) Leadership & Management Training Package
- (v) MIT workshop on "Dividend and The Single Tier System"
- (vi) National Tax seminar on Taxation 2008

Board Committees

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions to certain Committees, namely Audit Committee, Nomination Committee and Remuneration Committee with each operating within its clearly define terms of reference. The Chairman of the various Committees will report to the Board the outcome of the Committee meetings.



Statement On Corporate Governance

The Board has established the following Committees to assist the Board in the execution of its duties:-

(i) Audit Committee

The membership, terms of reference and activities of the Audit Committee are detailed in the Audit Committee Report on pages 18 to 21 of this Annual Report.

(ii) Nomination Committee

Siow Kee Yen (Chairman)
Adillah binti Ahmad Nordin
Azhar bin Nayan

The terms of reference of the Nomination Committee was reviewed by the Board and all members of the Nomination Committee were re-nominated and re-appointed. The term of office of the Nomination Committee is three (3) years and may be re-nominated and re-appointed by the Board.

The Nomination Committee reviews the required mix of skills and experience and other qualities and competencies of its Directors. The function of the Nomination Committee is to identify and recommend candidates to the Board and its committees, as well as assessing the effectiveness of the Board as a whole and the committees of the Board.

(iii) Remuneration Committee

Adillah binti Ahmad Nordin (Chairperson)
Siow Kee Yen
Azhar bin Nayan

The terms of reference of the Remuneration Committee was reviewed by the Board and all the member of the Remuneration Committee were re-nominated and re-appointed. The term of office of the Remuneration Committee is three (3) years and may be re-nominated and re-appointed by the Board. The Committee is responsible for recommending to the Board from time to time, the remuneration packages of the Executive Directors of the Group. The Board shall decide on the remuneration packages upon considering the recommendations made by the Remuneration Committee.

A Remuneration Committee meeting was held on 31 January 2008.

DIRECTORS REMUNERATION

The Company shall ensure the level and make-up of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully. Currently, the Remuneration Committee assesses the Executive Directors' remuneration packages so as to recommend the Executive Directors' remuneration packages to the Board for approval. The Executive Directors shall abstain from participating in the discussion with respect to their remuneration packages. The details of the Directors' Remuneration for the financial year ended 31 December 2008 are disclosed in Note 7 of the Notes to the Financial Statement herein.

The Executive Directors' remuneration comprises basic salary, Directors' Fees and allowances. Other customary benefits to the Group are made available as appropriate. Any salary reviews will take into account market rates and the performance of the individual and the Group.



Statement On Corporate Governance

The Non-Executive Directors' remuneration comprises fees and allowances. Determination of said remuneration is balanced with their expected roles and responsibilities including any additional work and contribution required.

The Board has considered the disclosure of details of the remuneration of each Director as stipulated in the Code. The Board is of the view that the transparency and accountability aspects of Corporate Governance as applicable to Director's Remuneration are appropriately served by the "band disclosure" as required by the Listing Requirements.

DIALOGUE WITH SHAREHOLDERS AND INVESTORS

The Group recognizes the importance of communication with shareholders and investors and keeping them informed of the Group's developments through announcements via the Bursa LINK. In addition, other corporate information materials are available to all shareholders in the Company's Annual Reports and Circulars to Shareholders.

The Board encourages full participation by shareholders at the Annual General Meetings and Extraordinary General Meetings of the Company where opportunity are given to the shareholders to raise questions and seek clarification on the business and performance of the Company.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcements of financial results, the Board aims to present a balanced and meaningful assessment of the Group's financial positions and prospects. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes and accuracy of its financial reporting.

Directors' Responsibility Statement

The Directors of the Company are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company.

The Directors are required to ensure that the financial statements for each financial year are properly drawn up in accordance with the provisions of the Companies Act, 1965 and approved accounting standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year end and of the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing those financial statements of the Group and of the Company for the financial year ended 31 December 2008, the Group has adopted the appropriate accounting policies and applied them consistently and all applicable approved accounting standards have been followed. The financial statements are prepared on a going concern basis.



Statement On Corporate Governance

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets. This includes ensuring the review of the adequacy and integrity of the system of internal control in managing the principal risks of the Group.

The Board has reviewed the adequacy and integrity of the Group's state of internal control and the Group's Statement on Internal Control is set out on pages 22 to 23 of this Annual Report.

Relationship with External Auditors

The role of the Audit Committee in relation to the external auditors is disclosed in the Report of Audit Committee set out on pages 18 to 21.

ADDITIONAL COMPLIANCE INFORMATION

Share Buybacks

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

Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year ended 31 December 2008.

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

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

Sanctions and/or Penalties

The Company is not aware of any sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies that have not been made public.

Variation in Results

There were no material variation in results.

Non-audit fees

During the year, non-audit fees amounting to RM 28,925 were paid by the Company and its subsidiaries to the Company's external auditors or a firm and its affiliates as professional fee.

Profit Guarantees

During the financial year, there were no profit guarantee given by the Company.

Material Contracts

During the financial year, there were no material contracts entered into by the Company or its subsidiaries, involving Directors' and major shareholders interest.

Contracts Relating to Loans

There were no material contracts relating to loans by the Company involving Directors and major shareholders.

Utilisation of Proceeds

The Company did not implement any fund raising exercise during the financial year.



Audit Committee Report

MEMBERSHIP

The present members of the Audit Committee of the Company are:-

Name	Designation
Siow Kee Yen (Chairman)	Independent Non-Executive Director
Adillah binti Ahmad Nordin	Independent Non-Executive Director
Azhar bin Nayan	Non-Independent Non-Executive Director

TERMS OF REFERENCE

Composition of members

The Board shall appoint the Audit Committee members from amongst themselves, comprising no fewer than three (3) non-executive directors. The majority of the Audit Committee members shall be independent directors.

In this respect, the Board adopts the definition of "independent director" as defined under the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee must be:-

- (a) a member of the Malaysian Institute of Accountant ("MIA"); or
- (b) if he is not a member of MIA, he must have at least three (3) years of working experience and:
 - i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - ii. he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- (c) fulfils such other requirements as prescribed by Bursa Securities.

No alternate director of the Board shall be appointed as a member of the Audit Committee.

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

Retirement and resignation

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

Chairman

The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an independent director.

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be independent director to chair the meeting.

Secretary

The Company Secretary shall be the Secretary of the Audit Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.



Audit Committee Report

Meeting

The Audit Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Upon the request of the external auditor, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders.

Notice of Audit Committee meetings shall be given to all the Audit Committee members unless the Audit Committee waives such requirement.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Chairman, the Managing Director, the Executive Directors, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

The head of internal audit and a representative of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet with the external auditors without executive Board members present at least twice a year and whenever necessary.

Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

For the financial year ended 31 December 2008, a total of five (5) meetings were held, details of which are as follows:

Name	Attendance
Siow Kee Yen	5/5
Adillah binti Ahmad Nordin	5/5
Azhar bin Nayan	5/5

Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit Committee and also to the other members of the Board. The Audit Committee Chairman shall report on each meeting to the Board.

The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

Quorum

The quorum for the Audit Committee meeting shall be the majority of members present whom must be independent directors.

Objectives

The principal objectives of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:



Audit Committee Report

- (a) evaluate the quality of the audits performed by the internal and external auditors;
- (b) provide assurance that the financial information presented by management is relevant, reliable and timely;
- (c) oversee compliance with laws and regulations and observance of a proper code of conduct; and
- (d) determine the quality, adequacy and effectiveness of the Group's control environment.

Authority

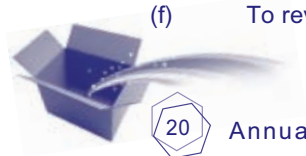
The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,

- (a) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee.
- (b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group.
- (c) obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any).
- (e) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:-

- (a) To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;
- (b) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (c) To review with the external auditor his evaluation of the system of internal controls and his audit report;
- (d) To review the quarterly and year-end financial statements of the Board, focusing particularly on -
 - any change in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- (e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary);
- (f) To review the external auditor's management letter and management's response;



Audit Committee Report

- (g) To do the following, in relation to the internal audit function:-
- review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function; and
 - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (h) To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (i) To report its findings on the financial and management performance, and other material matters to the Board;
- (j) To consider the major findings of internal investigations and management's response;
- (k) To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;
- (l) To determine the remit of the internal audit function;
- (m) To consider other topics as defined by the Board; and
- (n) To consider and examine such other matters as the Audit Committee considers appropriate.

ACTIVITIES OF THE COMMITTEE DURING THE YEAR

The Audit Committee is empowered to carry out the following duties during the financial year under review in accordance with its term of reference :

- (a) Reviewed the external auditors' scope of work and audit plans for the year. Prior to the audit, representatives from the external auditors presented their audit strategy and plan.
- (b) Reviewed with the external auditors, major issues arising from the audit.
- (c) Reviewed the Group's internal audit plan.
- (d) Reviewed the internal audit reports. The Audit Committee was briefed on the audit reports issued and on the issues raised by the Internal Auditors on various aspects of the system in operation, practices and procedures and internal controls. Special notice was taken of significant issues raised in the audit reports and that adequate corrective actions had been taken by the Operating Management to rectify the weaknesses.



Statement On Internal Control

INTRODUCTION

Pursuant to paragraph 15.27 (b) of the Listing Requirements of the Bursa Malaysia Securities Berhad (Bursa Securities), the Board is pleased to provide the following statement on the state of internal control of the Group for the financial year ended 31 December 2008, which has been prepared in accordance with the Statement on Internal Control - Guideline for Directors of Public Listed Companies issued by the Institute of Internal Auditors Malaysia and adopted by the Bursa Securities.

BOARD RESPONSIBILITY

The Board recognises that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity.

The Group's system of internal control is designed to manage the principal business risks that may impede the Group for achieving its business objectives. Notwithstanding, as with any internal control system, the Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing those objectives, these systems can only provide reasonable but not absolute assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The Board recognises that effective risk management is part of good business management practices. The Enterprise Risk Management Framework allows the Group to identify, evaluate and manage risks within defined risk parameters that affect the achievement of the Group's business objectives.

During the financial year, the Group completed the update of its key risk profile with the assistance of external consultants and the result of the update was reported to the Audit Committee in February 2009. Subsequently, the Management Committee plays a pivotal role in continuously monitoring the implementation of the mitigating action plans and assessing the relevance and adequacy of the risk management and control process in light of changes to the Group's risk profile.

INTERNAL CONTROL MECHANISM

The Board entrusts the daily running of the business to the Managing Director ("MD") and his management team. The MD and his management team receive timely information pertaining to performance and profitability of the Group through monthly and weekly reports which include quantitative and qualitative trends and analyses.



Statement On Internal Control

The MD plays a pivotal role in communicating the Board's expectations of the systems of internal control to management. This is achieved, on a day-to-day basis, through his active participation in the operations of the business as well as attendance at various scheduled Management Committee meetings. The Executive Directors meet with the Departmental Managers weekly to discuss Production, Operational, Sales and Human Resource issues and monitors the progress of these issues through daily interaction with the management team.

The other key elements of the Group's existing system of internal controls are as follows:

- * Quality Policy that clearly outlines the Group's direction.
- * Clear organisation structure with developed reporting lines that are ISO compliant.
- * Scheduled Management Committee meetings involving the review of the Group's operations, financial performance and human resource matters.
- * Monthly reports to the MD containing both financial and non-financial information.
- * Employee Handbook stating the required Code of Conduct.
- * An implicit understanding of the Company's authority limits.
- * Structured training for employees based on the annual training plan.
- * An independent internal audit function.
- * Internal Quality Audits as specified by ISO for certain subsidiaries. Results of these audits are reported to the MD.

The system of internal controls was satisfactory and there has been no significant breakdown or weakness in the system of internal control of the Group that might have resulted in material losses incurred by the Group for the financial year ended 31 December 2008. The Group continues to take necessary measures to strengthen its internal control structure and manage its risks.

ASSURANCE MECHANISM

The Audit Committee ("AC") is tasked by the Board with the duty of reviewing and monitoring the effectiveness of the Group's systems of internal control.

The Company has an independent internal audit function to conduct review on internal controls. During the financial year, the internal audit function has been fully outsourced to a professional service provider firm and reports directly to the AC. The outsourced internal audit function reviews the key activities of the Group on the basis of an annual audit plan approved by the AC. Reports and corrective actions arising from internal audit reviews are reported to the AC.

CONCLUSION

The Board remains committed towards keeping with the ever-changing business environment in order to support the Group's business and size of operations. Cognisant of this fact, the Board in striving for continuous improvement will put in place appropriate action plans, when necessary, to further enhance the Group's system of internal control.

The Statement is made in accordance with the resolution of the Board of Directors on 4 May 2009.



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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 2008.

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 except for the cessation of trading in wrapping paper materials as a result of the disposal of a subsidiary, Hello Paper Co. Ltd..

Results

	Group RM	Company RM
Profit/(loss) for the year from continuing operations	1,182,107	(613,318)
Profit for the year from discontinued operation	2,792,360	-
Profit/(loss) for the year	<u>3,974,467</u>	<u>(613,318)</u>
Attributable to:		
Equity holders of the Company	2,584,484	(613,318)
Minority interests	1,389,983	-
	<u>3,974,467</u>	<u>(613,318)</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 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, other than as disclosed in Note 9 to the financial statements.

Dividend

The amount of dividend paid by the Company since 31 December 2007 was as follows:

	RM
Final tax exempt dividend of 1% on 75,250,601 ordinary shares paid on 28 July 2008 in respect of financial year ended 31 December 2007	<u>752,506</u>

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



Directors' Report

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

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			
	1.1.2008	Acquired	Sold	31.12.2008
Direct interest				
Lim Tau Lih	5,374,045	-	-	5,374,045
Tuan Haji Azhar bin Nayan	25,000	-	-	25,000
Siow Kee Yen	5,000	125,500	-	130,500
Adillah binti Ahmad Nordin	14,000	-	-	14,000
Ang Kwee Teng	10,000	-	-	10,000



Directors' Report

Directors' interests (continued)

	Number of ordinary shares of RM1 each			
	1.1.2008	Acquired	Sold	31.12.2008
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.



Directors' Report

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.

Significant event

The significant event is disclosed in Note 9 to the financial statements.

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 2009.

Lim Tau Lih

Ang Kwee Teng

Melaka, Malaysia



Statement by Directors

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 32 to 83 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 Group and of the Company as at 31 December 2008 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 2009.

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 32 to 83 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 2009

Lim Tau Lih

Before me,

CHOO YONG CHUAN
Commissioner for Oaths



Independent Auditors' Report To The Members Of Ornapaper Berhad

Report on the financial statements

We have audited the financial statements of Ornapaper Berhad, which comprise the balance sheets as at 31 December 2008, 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 32 to 83.

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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal 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

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 2008 and of their financial performance and cash flows of the Group and of the Company 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 which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' report of all the subsidiaries which we have not acted as auditors, which are indicated in Note 16 to the financial statements.
- (c) We are satisfied that the accounts 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 accounts 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
2187/09/09(J)
Chartered Accountant

Melaka, Malaysia
Date: 28 April 2009



Income Statements

(For The Year Ended 31 December 2008)

		Group		Company	
	Note	2008 RM	2007 RM	2008 RM	2007 RM
Continuing operations					
Revenue	3	190,586,153	160,835,204	200,000	13,786,200
Cost of sales		(161,525,447)	(130,656,899)	-	-
Gross profit		29,060,706	30,178,305	200,000	13,786,200
Other income	4	663,372	1,694,151	-	-
Administrative expenses		(6,482,606)	(7,540,172)	(167,463)	(214,209)
Selling and marketing expenses		(11,766,495)	(9,709,922)	(5,664)	(3,970)
Other expenses		(4,697,146)	(6,023,071)	(590,890)	(95,287)
Operating profit/(loss)		6,777,831	8,599,291	(564,017)	13,472,734
Finance income		26,701	64,962	843	246
Finance costs		(4,865,027)	(5,227,593)	(29,804)	(162,443)
Profit/(loss) before tax	5	1,939,505	3,436,660	(592,978)	13,310,537
Tax expense	8	(757,398)	(288,203)	(20,340)	(613,629)
Profit/(loss) for the year from continuing operations		1,182,107	3,148,457	(613,318)	12,696,908
Discontinued operations					
Profit/(loss) for the year from discontinued operations	9	2,792,360	(3,048,207)	-	-
Profit/(loss) for the year		3,974,467	100,250	(613,318)	12,696,908
Attributable to:					
Equity holders of the Company		2,584,484	1,484,594	(613,318)	12,696,908
Minority interests		1,389,983	(1,384,344)	-	-
		3,974,467	100,250	(613,318)	12,696,908
Earnings per share attributable to equity holders of the Company (sen):					
Basic (continuing operations)	10	1.4	4.2		
Basic (discontinued operations)	10	2.0	(2.2)		
Basic, for profit for the year	10	3.4	2.0		
Diluted (continuing operations)	10	1.4	4.2		
Diluted (discontinued operations)	10	2.0	(2.2)		
Diluted, for profit for the year	10	3.4	2.0		

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



Balance Sheets

(As At 31 December 2008)

		Group		Company	
	Note	2008 RM	2007 RM	2008 RM	2007 RM
Assets					
Non-current assets					
Property, plant and equipment	12	72,563,670	74,370,052	-	-
Investment property	13	-	409,242	-	-
Prepaid land lease payments	14	14,420,255	14,663,406	-	-
Goodwill	15	1,633,024	1,633,024	-	-
Investment in subsidiaries	16	-	-	75,585,432	75,585,432
Other investments	17	254,400	249,493	-	-
Deferred tax assets	18	-	445,684	-	20,340
		<u>88,871,349</u>	<u>91,770,901</u>	<u>75,585,432</u>	<u>75,605,772</u>
Current assets					
Inventories	19	21,674,465	26,248,396	-	-
Trade receivables	20	58,881,277	68,336,511	-	-
Other receivables	21	3,738,962	3,953,094	10,509,482	4,705,344
Tax recoverable		431,671	1,005,943	47,965	130,595
Cash and bank balances	22	5,015,359	3,847,072	40,755	70,612
		<u>89,741,734</u>	<u>103,391,016</u>	<u>10,598,202</u>	<u>4,906,551</u>
Assets of disposal group classified as held for sale	9	-	66,563,476	-	8,911,603
		<u>89,741,734</u>	<u>169,954,492</u>	<u>10,598,202</u>	<u>13,818,154</u>
Total assets		<u>178,613,083</u>	<u>261,725,393</u>	<u>86,183,634</u>	<u>89,423,926</u>
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	23	75,250,601	75,250,601	75,250,601	75,250,601
Share premium	24	11,155,900	11,155,900	11,155,900	11,155,900
Foreign exchange reserve	25	-	(17,393)	-	-
Foreign exchange reserve relating to assets classified as held for sale		-	(1,999,337)	-	-
Retained earnings/ (Accumulated losses)		9,355,695	9,931,609	(255,497)	1,110,327
Shareholders' equity		<u>95,762,196</u>	<u>94,321,380</u>	<u>86,151,004</u>	<u>87,516,828</u>
Minority interests		335,007	6,090,015	-	-
Total equity		<u>96,097,203</u>	<u>100,411,395</u>	<u>86,151,004</u>	<u>87,516,828</u>



Balance Sheets

(As At 31 December 2008)

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Non-current liabilities					
Borrowings	26	6,008,235	13,362,377	-	1,387,564
Deferred tax liabilities	18	3,074,898	3,680,068	-	-
Non-current liabilities		<u>9,083,133</u>	<u>17,042,445</u>	<u>-</u>	<u>1,387,564</u>
Current liabilities					
Borrowings	26	60,137,460	81,305,254	-	463,610
Trade payables	28	7,105,099	11,948,722	-	-
Other payables		5,859,998	6,251,573	32,630	55,924
Current tax payable		<u>330,190</u>	<u>103,489</u>	<u>-</u>	<u>-</u>
		73,432,747	99,609,038	32,630	519,534
Liabilities directly associated with assets classified as held for sale	9	-	44,662,515	-	-
		<u>73,432,747</u>	<u>144,271,553</u>	<u>32,630</u>	<u>519,534</u>
Total liabilities		<u>82,515,880</u>	<u>161,313,998</u>	<u>32,630</u>	<u>1,907,098</u>
Total equity and liabilities		<u>178,613,083</u>	<u>261,725,393</u>	<u>86,183,634</u>	<u>89,423,926</u>

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



Statements Of Changes In Equity

(For The Year Ended 31 December 2008)

Attributable to equity holders of the Company		Attributable to equity holders of the Company		Attributable to equity holders of the Company		Attributable to equity holders of the Company	
Non-distributable		Distributable		Distributable		Distributable	
Share capital (Note 23)	Share premium (Note 24)	Foreign exchange reserve (Note 25)	Foreign exchange reserve relating to assets held for sale	Retained earnings	Total	Minority interests	Total equity
RM	RM	RM	RM	RM	RM	RM	RM
75,250,601	11,155,900	(1,699,820)	-	8,447,015	93,153,696	7,734,734	100,888,430
-	-	(316,910)	-	-	(316,910)	(260,375)	(577,285)
-	-	1,999,337	(1,999,337)	-	-	-	-
-	-	-	-	1,484,594	1,484,594	(1,384,344)	100,250
-	-	1,682,427	(1,999,337)	1,484,594	1,167,684	(1,644,719)	(477,035)
75,250,601	11,155,900	(17,393)	(1,999,337)	9,931,609	94,321,380	6,090,015	100,411,395

Group - 2007

At 1 January 2007

Foreign currency translation,
representing net expense
recognised directly in equity
Amount recognised directly in
equity relating to assets
classified as held for sale
Profit/(loss) for the year
Total recognised income
and expense for the year
At 31 December 2007

(For The Year Ended 31 December 2008)

Group - 2008

At 1 January 2008

Foreign currency translation,
representing net expense
recognised directly in equity

Disposal of subsidiaries
during the year

Profit for the year

Total recognised income and expense for the year
Dividends (Note 11)
At 31 December 2008

Statements Of Changes In Equity

(For The Year Ended 31 December 2008)

	← Non-distributable →		Distributable	
	Share	Share	Retained	
	capital	premium	earnings/	
	(Note 23)	(Note 24)	(accumulated	
	RM	RM	losses)	Total
			RM	RM
Company				
At 1 January 2007	75,250,601	11,155,900	(11,586,581)	74,819,920
Profit for the year, representing total recognised income and expense for the year	-	-	12,696,908	12,696,908
At 31 December 2007	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



Cash Flow Statements

(For The Year Ended 31 December 2008)

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Cash flows from operating activities					
Profit/(loss) before tax:					
- Continuing operations		1,939,505	3,436,660	(592,978)	13,310,537
- Discontinued operations	9(a)	2,792,360	(3,048,207)	-	-
Adjustments for :					
Depreciation and amortisation:					
- Property, plant and equipment	12	6,187,825	8,756,348	-	-
- Investment property	13	-	9,235	-	-
- Prepaid land lease payments	14	246,244	252,428	-	-
(Gain)/loss on disposal of:					
- Property, plant and equipment		(91,440)	1,102,235	-	-
- Investment property		(10,758)	-	-	-
- Investment in subsidiaries	9(e)	(241,772)	-	481,396	-
Investment written off		-	25,000	-	-
Unrealised foreign exchange losses/ (gains)		-	97,246	-	(121,353)
Bad debts written off		3,888	6,412	-	-
Provision for doubtful debts		2,158,617	2,842,029	-	-
Dividend income		(772)	(157)	-	-
Interest expense		5,261,881	6,881,670	29,804	162,443
Interest income		(44,046)	(99,740)	(843)	(246)
Operating profit/(loss) before working capital changes		18,201,532	20,261,159	(82,621)	13,351,381
Increase in inventories		(614,482)	(9,305,298)	-	-
Decrease/(increase) in receivables		9,459,450	(12,856,536)	(5,804,138)	(4,657,330)
(Decrease)/increase in payables		(14,694,730)	5,917,120	(23,294)	(7,703,144)
Cash generated from/(used in) operations		12,351,770	4,016,445	(5,910,053)	990,907
Interest paid		(5,261,881)	(6,881,670)	(29,804)	(162,443)
Interest received		44,046	99,740	843	246
Taxes (paid)/refunded		(1,096,010)	42,191	82,630	(613,629)
Net cash generated from/(used in) operating activities		6,037,925	(2,723,294)	(5,856,384)	215,081



Cash Flow Statements

(For The Year Ended 31 December 2008)

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Cash flows from investing activities					
Net dividends received		772	157	-	-
Purchase of:					
- Property, plant and equipment	12(c)	(3,815,258)	(5,800,292)	-	-
- Other investments		(10,000)	-	-	-
Proceeds from disposal of:					
- Property, plant and equipment		1,941,223	601,240	-	-
- Investment property		420,000	-	-	-
- Subsidiaries	9(e)	4,711,802	-	8,430,207	-
Prepaid land lease payments	14	-	(581,708)	-	-
Net cash generated from/(used in) investing activities		<u>3,248,539</u>	<u>(5,780,603)</u>	<u>8,430,207</u>	<u>-</u>
Cash flows from financing activities					
Drawdown/(repayment) of term loans		13,167,323	(6,138,269)	(1,851,174)	(246,567)
Payment of dividend		-	-	(752,506)	-
Repayment of finance lease payables		(3,328,429)	(3,558,303)	-	-
(Decrease)/increase in short term borrowings		<u>(14,487,591)</u>	<u>19,219,285</u>	<u>-</u>	<u>-</u>
Net cash (used in)/generated from financing activities		<u>(4,648,697)</u>	<u>9,522,713</u>	<u>(2,603,680)</u>	<u>(246,567)</u>
Cash and cash equivalents					
Net increase/(decrease) during the year		4,637,767	1,018,816	(29,857)	(31,486)
Effect of foreign exchange rate changes		(1,464,943)	1,006,442	-	-
At beginning of year		<u>(4,029,649)</u>	<u>(6,054,907)</u>	<u>70,612</u>	<u>102,098</u>
At end of year	22	<u>(856,825)</u>	<u>(4,029,649)</u>	<u>40,755</u>	<u>70,612</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 Main Board 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 except for the cessation of trading of wrapping paper materials as a result of the disposal of a subsidiary, Hello Paper Co. Ltd..

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 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 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.



Notes To The Financial Statements

31 December 2008

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 based 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.



Notes To The Financial Statements

31 December 2008

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.

Capital work-in-progress is not depreciated. 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 building	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. Other investment properties are depreciated on a straight line basis over the estimated useful life of 50 years.



Notes To The Financial Statements

31 December 2008

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(d) Investment properties (continued)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn 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 assets, other than inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, if any, 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, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, 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.



Notes To The Financial Statements

31 December 2008

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.

(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.



Notes To The Financial Statements

31 December 2008

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

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 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 an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(iii) Trade receivables

Trade 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) Trade payables

Trade payables are stated at cost which is 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 (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.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(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:



Notes To The Financial Statements

31 December 2008

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).

(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.

Notes To The Financial Statements

31 December 2008

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(h) Leases (continued)

(iii) Operating leases - the Group as lessee (continued)

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. 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.



Notes To The Financial Statements

31 December 2008

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(i) Income tax (continued)

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.



Notes To The Financial Statements

31 December 2008

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 Company's functional currency.

(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 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.



Notes To The Financial Statements

31 December 2008

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(I) 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



Notes To The Financial Statements

31 December 2008

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.



Notes To The Financial Statements

31 December 2008

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

On 1 January 2008, the Group and the Company adopted where applicable, the following new and revised FRSs, amendments to FRS and Interpretations:

- (i) FRS 107: Cash Flow Statements
- (ii) FRS 111: Construction Contracts
- (iii) FRS 118: Revenue
- (iv) FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
- (v) FRS 134: Interim Financial Reporting
- (vi) FRS 137: Provisions, Contingent Liabilities and
- (vii) Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
- (viii) IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
- (ix) IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
- (x) IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- (xi) IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
- (xii) IC Interpretation 7: Applying the Restatement Approach under FRS 129²⁰⁰⁴ Financial Reporting in Hyperinflationary Economies
- (xiii) IC Interpretation 8: Scope of FRS 2



Notes To The Financial Statements

31 December 2008

2. Significant accounting policies (continued)

2.3 New and revised FRS, amendments to FRS and Interpretation (continued)

The above revisions, amendments and Interpretations have no significant impact on the financial statements of the Group and the Company upon their initial application.

2.4 Standards and interpretations issued but not yet effective

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

FRS and interpretations	Effective for financial periods beginning on or after
(i) FRS 4: Insurance Contracts	1 January 2010
(ii) FRS 7: Financial Instruments: Disclosures	1 January 2010
(iii) FRS 8: Operating Segments	1 July 2009
(iv) FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
(v) IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
(vi) IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

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

2.5 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.



Notes To The Financial Statements

31 December 2008

2. Significant accounting policies (continued)

2.5 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 2008 is RM1,633,024 (2007 : 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.



Notes To The Financial Statements

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3. Revenue

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Sales of goods	190,586,153	160,835,204	-	-
Dividend income from subsidiary	-	-	-	13,636,200
Management fees from subsidiaries	-	-	200,000	150,000
	<u>190,586,153</u>	<u>160,835,204</u>	<u>200,000</u>	<u>13,786,200</u>

4. Other income

	Group	
	2008	2007
	RM	RM
Dividend income on equity investments, quoted in Malaysia	772	157
Rental received from operating leases	192,000	236,400
Insurance claim	-	1,281,784
Commission received	174,865	-
Others	295,735	175,810
	<u>663,372</u>	<u>1,694,151</u>

5. Profit/(loss) before tax

The following amounts have been charged/(credited) at arriving at profit/(loss) before tax:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Employee benefits expense (Note 6)	16,978,926	17,933,947	38,289	13,428
Non-executive directors' remuneration (Note 7)	136,500	128,420	94,500	89,500
Auditors' remuneration				
- Statutory audit (current year)	114,600	112,197	30,000	27,000
- Statutory audit (prior year)	(3,500)	-	(2,000)	-
- Other services	28,925	16,965	11,800	41,317



Notes To The Financial Statements

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5. Profit/(loss) before tax (continued)

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Bad debts written off	3,888	6,412	-	-
Provision for doubtful debts	2,158,617	1,978,481	-	-
Foreign exchange (gains)/losses:				
- Realised	(70,502)	(97,984)	(61,974)	(6,782)
- Unrealised	-	97,246	-	(121,353)
(Gain)/loss on disposal of:				
- Property plant and equipment	(91,440)	1,102,235	-	-
- Investment property	(10,758)	-	-	-
- Investment in subsidiaries	(241,772)	-	481,396	-
Depreciation and amortisation:				
- Property, plant and equipment (Note 12)	6,187,825	5,952,532	-	-
- Investment property (Note 13)	-	9,235	-	-
- Prepaid land lease payments (Note 14)	243,151	243,148	-	-
Investment written off	-	25,000	-	-
Minimum operating lease payments				
- Land and buildings	249,762	600,607	-	-
- Plant and equipment	20,600	17,400	-	-

6. Employee benefits expense

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Executive directors (Note 7)				
Directors of the Company	959,667	1,013,269	38,289	13,000
Other directors of subsidiaries	623,535	506,591	-	-
	<u>1,583,202</u>	<u>1,519,860</u>	<u>38,289</u>	<u>13,000</u>
Other key management personnel				
Salaries and wages	243,048	156,815	-	-
Defined contribution plans	29,788	17,110	-	-
	<u>272,836</u>	<u>173,925</u>	<u>-</u>	<u>-</u>
Other staff costs				
Salaries and wages	11,983,601	11,846,415	-	-
Defined contribution plans	972,641	948,492	-	-
Other related costs	2,166,646	3,445,255	-	428
	<u>15,122,888</u>	<u>16,240,162</u>	<u>-</u>	<u>428</u>
	<u>16,978,926</u>	<u>17,933,947</u>	<u>38,289</u>	<u>13,428</u>



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7. Directors' remuneration

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Directors of the Company				
Executive (Note 6):				
Fees	148,000	120,000	23,500	-
Salaries and other emoluments	732,660	798,150	14,500	13,000
Defined contribution plans	79,007	95,119	289	-
	<u>959,667</u>	<u>1,013,269</u>	<u>38,289</u>	<u>13,000</u>
Estimated money value of benefits-in-kind	6,500	31,748	-	-
	<u>966,167</u>	<u>1,045,017</u>	<u>38,289</u>	<u>13,000</u>
Non-executive (Note 5):				
Fees	126,000	112,000	84,000	77,000
Other emoluments	10,500	16,000	10,500	12,500
Defined contribution plans	-	420	-	-
	<u>136,500</u>	<u>128,420</u>	<u>94,500</u>	<u>89,500</u>
Other directors of subsidiaries				
Executive (Note 6):				
Salaries and other emoluments	554,448	453,265	-	-
Defined contribution plans	69,087	53,326	-	-
	<u>623,535</u>	<u>506,591</u>	<u>-</u>	<u>-</u>
Estimated money value of benefits-in-kind	-	23,900	-	-
	<u>623,535</u>	<u>530,491</u>	<u>-</u>	<u>-</u>
Total directors' remuneration including benefits-in-kind	<u>1,726,202</u>	<u>1,703,928</u>	<u>132,789</u>	<u>102,500</u>

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

	2008	2007
Executive directors		
RM100,001 to RM150,000	-	1
RM150,001 to RM200,000	1	-
RM200,001 to RM250,000	1	-
RM250,001 to RM300,000	-	1
RM550,001 to RM600,000	1	-
RM600,001 to RM650,000	-	1
Non-executive directors		
Below RM50,000	3	3



Notes To The Financial Statements

31 December 2008

8. Tax expense

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current tax:				
Malaysian income tax	916,884	633,377	-	613,629
Underprovision in prior years	-	153	-	-
	<u>916,884</u>	<u>633,530</u>	<u>-</u>	<u>613,629</u>
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	(212,411)	17,228	-	-
Relating to reduction in income tax rate	(32,000)	(341,336)	-	-
Under/(over)provision in prior years	84,925	(21,219)	20,340	-
	<u>(159,486)</u>	<u>(345,327)</u>	<u>20,340</u>	<u>-</u>
	<u>757,398</u>	<u>288,203</u>	<u>20,340</u>	<u>613,629</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit/(loss) for the year. The domestic statutory tax rate will be reduced to 25% with effect from the year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected this change.

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		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit/(loss) before tax from:				
- Continuing operations	1,939,505	3,436,660	(592,978)	13,310,537
- Discontinued operations (Note 9)	2,792,360	(3,048,207)	-	-
	<u>4,731,865</u>	<u>388,453</u>	<u>(592,978)</u>	<u>13,310,537</u>
Taxation at 26% (2007: 27%)	1,230,285	104,882	(154,176)	3,593,845
Effect of different tax rates in other countries	(726,014)	473,619	-	-
Effect of income subject to tax rate of 20% (2007: 20%)	(42,887)	(32,152)	-	-
Effect of changes in tax rates on opening balance of deferred tax	-	(79,336)	-	(1,023)



Notes To The Financial Statements

31 December 2008

8. Tax expense (continued)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deferred tax recognised at different tax rates	(32,000)	(262,000)	-	-
Effect of expenses not deductible for tax purposes	344,950	638,926	27,504	88,952
Effect of income not subject to tax	(21,663)	-	-	(3,068,145)
Effect of double deduction of expenses	(13,815)	(3,628)	-	-
Effect of utilisation of current year's re-investment allowances	(742,322)	(512,648)	-	-
Deferred tax asset de-recognised/ (recognised) on unabsorbed re-investment allowances	110,035	(367,791)	-	-
Deferred tax asset not recognised on unutilised losses	123,560	349,397	126,672	-
Deferred tax asset not recognised on unabsorbed capital allowances	442,344	-	-	-
Underprovision of current tax in prior years	-	153	-	-
Under/(over)provision of deferred tax in prior years	84,925	(21,219)	20,340	-
Tax expense for the year	<u>757,398</u>	<u>288,203</u>	<u>20,340</u>	<u>613,629</u>

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Unabsorbed tax losses	1,444,000	537,000	115,000	73,000
Unabsorbed capital allowances	986,000	373,000	-	-
Unabsorbed re-investment allowances	21,451,000	20,943,000	-	-
	<u>23,881,000</u>	<u>21,853,000</u>	<u>115,000</u>	<u>73,000</u>



Notes To The Financial Statements

31 December 2008

9. Discontinued operations and disposal group held for sale

The Company disposed of its subsidiaries, Yuen Foong Yu Paper Enterprise Dong Nai Company Limited ("YFYF") (formerly known as Ornapaper Vietnam Co. Ltd.) 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 YFYF and HP have been de-consolidated and the results from these subsidiaries are presented separately on the consolidated income statement as discontinued operations.

(a) Analysis of the results of the discontinued operations

	Group	
	2008	2007
	RM	RM
Revenue	24,213,837	50,848,465
Administration and general expenses	(21,041,968)	(52,277,373)
Interest income	17,345	34,778
Interest expense	(396,854)	(1,654,077)
Profit/(loss) for the year from discontinued operation	<u>2,792,360</u>	<u>(3,048,207)</u>

(b) Profit/(loss) for the year from discontinued operations

The following amounts have been charged/(credited) in arriving at profit/(loss) after tax of discontinued operations:

	Group	
	2008	2007
	RM	RM
Auditors' remuneration	4,965	14,895
Employee benefits expense	877,975	2,633,924
Foreign exchange losses	-	12,468
Depreciation and amortisation:		
- Property, plant and equipment (Note 12)	-	2,803,816
- Prepaid land lease payments (Note 14)	3,093	9,280
Provision for doubtful debts	<u>-</u>	<u>863,548</u>



Notes To The Financial Statements

31 December 2008

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

(c) Cash flows attributable to the discontinued operations

	Group	
	2008	2007
	RM	RM
Operating cash flows	(20,035,669)	3,106,427
Investing cash flows	1,840,316	(748,928)
Financing cash flows	19,677,362	(1,462,555)
Total cash flows	<u>1,482,009</u>	<u>894,944</u>

(d) Assets and liabilities of discontinued operations

The carrying amounts of the major classes of assets and liabilities of YFYP classified as held for sale on the balance sheets are as follows:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Assets				
Property, plant and equipments (Note 12)	-	39,328,188	-	-
Prepaid land lease payments (Note 14)	-	445,434	-	-
Investments	-	2,035	-	8,911,603
Inventories	-	7,014,980	-	-
Trade and other receivables	-	17,690,768	-	-
Cash and bank balances (Note 22)	-	2,082,071	-	-
Assets of disposal group classified as held for sale	<u>-</u>	<u>66,563,476</u>	<u>-</u>	<u>8,911,603</u>
Liabilities				
Short and long term borrowings	-	16,278,913	-	-
Trade payables	-	23,386,487	-	-
Other payables	-	4,997,115	-	-
Liabilities directly associated with assets classified as held for sale	<u>-</u>	<u>44,662,515</u>	<u>-</u>	<u>-</u>



Notes To The Financial Statements

31 December 2008

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

(e) Effects of disposal on financial position

The effects on the financial position of the Group upon disposal of the subsidiaries were as follows:

	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 payables	(14,736,418)
Other payables	(9,808,664)
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



Notes To The Financial Statements

31 December 2008

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

The effects on the financial position of the Company upon the disposal of YFYP were as follows:

	RM
Cost of investment	20,911,603
Less: Impairment loss	<u>(12,000,000)</u>
Carrying amount	8,911,603
Total disposal proceeds	<u>8,430,207</u>
Loss on disposal to the Company	<u>(481,396)</u>

The disposal of HP has no effect on the financial position of the Company as the disposal was by a subsidiary.

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	
	2008 RM	2007 RM
Attributable to ordinary equity holders of the Company:		
Profit from continuing operations	1,048,686	3,161,108
Profit/(loss) from discontinuing operations	<u>1,535,798</u>	<u>(1,676,514)</u>
Profit for the year	<u>2,584,484</u>	<u>1,484,594</u>
Weighted average number of ordinary share in issue	<u>75,250,601</u>	<u>75,250,601</u>
Basic and diluted earnings per share (sen):		
Profit from continuing operations	1.4	4.2
Profit/(loss) from discontinuing operation	<u>2.0</u>	<u>(2.2)</u>
Profit for the year	<u>3.4</u>	<u>2.0</u>

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.



Notes To The Financial Statements

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11. Dividend

	Dividends in respect of Year		Dividends recognised in Year	
	2008	2007	2008	2007
	RM	RM	RM	RM
Recognised during the year:				
First and final tax exempt dividend of 1% on 72,250,601 ordinary shares (1.0 sen per ordinary share)	-	752,506	752,506	-

12. Property, plant and equipment

	Factory buildings RM	Plant and machinery RM	Other assets RM	Total RM
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



Notes To The Financial Statements

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12. Property, plant and equipment (continued)

	Factory buildings RM	Plant and machinery RM	Other assets RM	Total RM
Group - 2007				
Cost				
At 1 January 2007	47,345,080	118,674,703	11,135,455	177,155,238
Additions	3,007,173	3,761,385	1,152,614	7,921,172
Disposals	-	(2,048,137)	(1,478,162)	(3,526,299)
Reclassified as held for sale (Note 9(d))	(14,048,499)	(30,814,254)	(2,006,648)	(46,869,401)
Exchange differences	(578,408)	(1,184,825)	(71,165)	(1,834,398)
At 31 December 2007	35,725,346	88,388,872	8,732,094	132,846,312
Accumulated depreciation				
At 1 January 2007	6,514,566	44,981,059	7,847,620	59,343,245
Charge for the year				
-Continuing operations (Note 5)	816,648	4,506,987	628,897	5,952,532
-Discontinued operations (Note 9(b))	328,815	2,134,555	340,446	2,803,816
	1,145,463	6,641,542	969,343	8,756,348
Disposals	-	(689,487)	(1,133,337)	(1,822,824)
Reclassified as held for sale (Note 9(d))	(779,613)	(5,923,343)	(838,257)	(7,541,213)
Exchange differences	(26,592)	(203,273)	(29,431)	(259,296)
At 31 December 2007	6,853,824	44,806,498	6,815,938	58,476,260
Carrying amount	28,871,522	43,582,374	1,916,156	74,370,052

(a) Other assets comprise motor vehicles, office equipment, furniture, fittings and office renovation and capital work in progress. The cost of work in progress at the end of the financial year was RM100,000 (2007 : RM102,603).

(b) The carrying amount of property, plant and equipment pledged to secure bank borrowings as referred to in Note 26 are as follow:

	Group	
	2008 RM	2007 RM
Factory buildings	28,308,366	28,871,522
Plant and machinery	38,377,959	41,003,528
Others	2,117,706	1,916,156
	<u>68,804,031</u>	<u>71,791,206</u>



Notes To The Financial Statements

31 December 2008

12. Property, plant and equipment (continued)

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

	Group	
	2008	2007
	RM	RM
Cash	3,815,258	5,800,292
Lease financing	617,317	2,120,880
	<u>4,432,575</u>	<u>7,921,172</u>

(d) The carrying amount of property, plant and equipment being acquired under instalment payment plans amounts to RM15,189,130 (2007: RM15,637,723).

13. Investment property

	Group	
	2008	2007
	RM	RM
Cost		
At 1 January	461,742	461,742
Disposal	(461,742)	-
At 31 December	<u>-</u>	<u>461,742</u>
Accumulated depreciation		
At 1 January	52,500	43,265
Charge for the year (Note 5)	-	9,235
Disposal	(52,500)	-
At 31 December	<u>-</u>	<u>52,500</u>
Net carrying amount	<u>-</u>	<u>409,242</u>
Fair value	<u>-</u>	<u>420,000</u>

The investment property was pledged to secure bank borrowings as referred to in Note 26.

Fair value in prior year was arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.



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14. Prepaid land lease payments

	Group	
	2008	2007
	RM	RM
At 1 January	14,663,406	14,779,560
Additions	-	581,708
Amortisation during the year:		
- Continuing operations (Note 5)	(243,151)	(243,148)
- Discontinued operations (Note 9(b))	(3,093)	(9,280)
	(246,244)	(252,428)
Disposal of subsidiary	3,093	-
Reclassified as held for sale (Note 9(d))	-	(445,434)
At 31 December	14,420,255	14,663,406
Relating to:		
Long term leasehold land	11,022,932	11,187,907
Short term leasehold land	3,397,323	3,475,499
	14,420,255	14,663,406

The above properties are pledged to secure bank borrowings as referred to in Note 26.

15. Goodwill

Impairment tests for goodwill

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

	Group	
	2008	2007
	RM	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



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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.	
	2008	2007	2008	2007
Gross margin	15%	19%	13%	15%
Growth rate	1%	4%	1%	2%
Discount rate	8%	8%	8%	8%

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill :

- (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.
- (iv) Bond rate
The bond rates used are the yield on a 5-year Malaysian government bond rate at the beginning of the budgeted year.

The Group believes that any reasonably possible change in the above key assumptions applied are not likely to materially cause recoverable amount to be lower than its carrying amount.

16. Investment in subsidiaries

	Company	
	2008 RM	2007 RM
Unquoted shares at cost	75,585,432	75,585,432



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16. Investment in subsidiaries (continued)

Details of the subsidiaries are as follows :

Name of subsidiaries	Country of incorporation	Proportion of ownership interest (%)		Principal activities
		2008	2007	
Subsidiaries of the Company				
Ornapaper Industry (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing of corrugated boards and carton boxes
Ornapaper Industry (Batu Pahat) Sdn. Bhd.	Malaysia	100	100	Manufacturing of carton boxes
Ornapaper Industry (Perak) Sdn. Bhd.	Malaysia	100	100	Manufacturing of corrugated boards and carton boxes
Ornapaper Industry (Johor) Sdn. Bhd. *	Malaysia	80	80	Manufacturing of carton boxes
Tripack Packaging (M) Sdn. Bhd. *	Malaysia	100	100	Manufacturing of cartons boxes
Yuen Foong Yu Paper Enterprise Dong Nai Company Limited (formerly known as Ornapaper Vietnam Co. Ltd.) *	Vietnam	-	55	Manufacturing of corrugated boards and carton boxes
Subsidiary of Ornapaper Industry (M) Sdn. Bhd.				
Hello Paper Co. Ltd. *	Republic of China	-	52	Trading of wrapping paper materials

* Not audited by Ernst & Young

(a) During the year, YFYP and HP were disposed. Information relating to the said disposals are set out in Note 9.



Notes To The Financial Statements

31 December 2008

17. Other investments

	Group	
	2008 RM	2007 RM
At cost:		
Quoted shares	19,400	19,400
Unquoted shares	235,000	225,000
Others	-	5,093
	<u>254,400</u>	<u>249,493</u>
Market value of quoted shares	9,160	15,510

18. Deferred tax assets/liabilities

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
At 1 January	3,234,384	3,890,164	(20,340)	(20,340)
Recognised in income statement (Note 8)	(159,486)	(345,327)	20,340	-
At 31 December	<u>3,074,898</u>	<u>3,234,384</u>	<u>-</u>	<u>(20,340)</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	-	(445,684)	-	(20,340)
Deferred tax liabilities	3,074,898	3,680,068	-	-
	<u>3,074,898</u>	<u>3,234,384</u>	<u>-</u>	<u>(20,340)</u>

The components and movements of deferred tax liabilities/(assets) prior to offsetting are as follows:

	As at 1 January	Recognised in income statement	As at 31 December
Group - 2008			
Property, plant and equipment	8,856,729	(350,931)	8,505,798
Unutilised tax losses	(154,388)	154,388	-
Unabsorbed capital allowances	(93,773)	10,773	(83,000)
Unabsorbed re-investment allowances	(5,366,380)	17,284	(5,349,096)
Others	(7,804)	9,000	1,196
	<u>3,234,384</u>	<u>(159,486)</u>	<u>3,074,898</u>



Notes To The Financial Statements

31 December 2008

18. Deferred tax assets/liabilities (continued)

	As at 1 January	Recognised in income statement	As at 31 December
Group - 2007			
Property, plant and equipment	9,544,048	(687,319)	8,856,729
Unutilised tax losses	(122,633)	(31,755)	(154,388)
Unabsorbed capital allowances	-	(93,773)	(93,773)
Unabsorbed re-investment allowances	(5,841,704)	475,324	(5,366,380)
Others	-	(7,804)	(7,804)
	<u>3,579,711</u>	<u>(345,327)</u>	<u>3,234,384</u>
Company - 2008			
Unutilised tax losses	<u>(20,340)</u>	<u>20,340</u>	<u>-</u>
Company - 2007			
Unutilised tax losses	<u>(20,340)</u>	<u>-</u>	<u>(20,340)</u>

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

	Group 2008 RM	2007 RM
Discontinued operations:		
Unutilised tax losses	<u>-</u>	<u>20,837,790</u>
Continuing operations:		
Unutilised tax losses	368,000	-
Unabsorbed capital allowances	256,000	-
Unabsorbed reinvestment allowances	<u>113,000</u>	<u>-</u>

19. Inventories

	Group 2008 RM	2007 RM
At cost :		
Raw materials and consumables	20,000,108	24,111,305
Work-in-progress	59,383	94,083
Finished goods	<u>1,614,974</u>	<u>2,043,008</u>
	<u>21,674,465</u>	<u>26,248,396</u>



Notes To The Financial Statements

31 December 2008

20. Trade receivables

	Group	
	2008 RM	2007 RM
Trade receivables	63,881,509	69,905,389
Provision for doubtful debts	(5,000,232)	(3,500,539)
	58,881,277	66,404,850
Related parties	-	1,931,661
	58,881,277	68,336,511

Bad debts of RM658,924 (2007: RM190,822) have been directly written off against the provision account during the year.

Related parties in prior year are those companies in which a director of a subsidiary has substantial financial interest.

The Group's normal credit term ranges from 30 to 120 (2007: 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% (2007: 0.50% to 1.50%) per month is charged on the amount due from certain debtors exceeding credit terms.

The Group has significant concentration of credit risk that may arise from exposure to two debtors which amounted to RM11,803,780 (2007: RM15,164,919) which represents 18% (2007: 22%) of the total gross debts. The said debtors have strategic alliances with the Group. The directors are confident that based on steps taken, dealings with those debtors and the committed payment scheme by one of these debtors that the amounts, net of provisions made, will be recovered in full and as such, the provision for doubtful debts made in financial statements is adequate.

21. Other receivables

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deposits and prepayments	1,266,732	1,483,930	14,124	14,124
Other receivables	2,477,554	2,501,141	-	-
Due from subsidiaries	-	-	10,495,358	4,691,220
	3,744,286	3,985,071	10,509,482	4,705,344
Provision for doubtful debts	(5,324)	(31,977)	-	-
	3,738,962	3,953,094	10,509,482	4,705,344

Bad debts of RM26,653 (2007: Nil) have been written off directly against the provision account during the year.

Notes To The Financial Statements

31 December 2008

21. Other receivables (continued)

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

The Group has no significant concentration of credit risk that may arise from exposure 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.

22. Cash and cash equivalents

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash on hand and at banks	4,762,505	3,799,129	40,755	70,612
Deposit with a licensed bank	252,854	47,943	-	-
Cash and bank balances	<u>5,015,359</u>	<u>3,847,072</u>	<u>40,755</u>	<u>70,612</u>

The deposit with a licensed bank of the Group has been pledged to secure bank guarantee facility granted to a subsidiary.

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

	Weighted Average Interest Rate		Average Maturity Days	
	2008	2007	2008	2007
Deposit with a licensed bank	<u>3.16%</u>	<u>3.80%</u>	<u>100</u>	<u>365</u>

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	5,015,359	3,847,072	40,755	70,612
Less: Bank overdrafts (Note 26)	<u>(5,872,184)</u>	<u>(9,958,792)</u>	<u>-</u>	<u>-</u>
	(856,825)	(6,111,720)	40,755	70,612
Cash and bank balance classified as held for sale (Note 9(d))	-	2,082,071	-	-
Total cash and cash equivalents	<u>(856,825)</u>	<u>(4,029,649)</u>	<u>40,755</u>	<u>70,612</u>



Notes To The Financial Statements

31 December 2008

23. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2008	2007	2008 RM	2007 RM
Authorised				
At 1 January/31 December	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid				
At 1 January/31 December	75,250,601	75,250,601	75,250,601	75,250,601

24. Share premium

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

25. Foreign exchange reserve

This non-distributable reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

During the year, the foreign subsidiaries were disposed and the foreign exchange reserves have been transferred to retained earnings.

26. Borrowings (secured)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Short term borrowings				
Bank overdrafts (Note 22)	5,872,184	9,958,792	-	-
Bankers' acceptances	49,449,614	59,663,833	-	-
Trust receipts	1,612,887	5,886,259	-	-
Term loans	424,633	2,359,095	-	463,610
Finance lease payables (Note 27)	2,778,142	3,437,275	-	-
	<u>60,137,460</u>	<u>81,305,254</u>	<u>-</u>	<u>463,610</u>
Long term borrowings				
Term loans	2,931,026	8,233,189	-	1,387,564
Finance lease payables (Note 27)	3,077,209	5,129,188	-	-
	<u>6,008,235</u>	<u>13,362,377</u>	<u>-</u>	<u>1,387,564</u>



Notes To The Financial Statements

31 December 2008

26. Borrowings (secured) (continued)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Total borrowings				
Bank overdrafts	5,872,184	9,958,792	-	-
Bankers' acceptances	49,449,614	59,663,833	-	-
Trust receipts	1,612,887	5,886,259	-	-
Term loans	3,355,659	10,592,284	-	1,851,174
Finance lease payables	5,855,351	8,566,463	-	-
	<u>66,145,695</u>	<u>94,667,631</u>	<u>-</u>	<u>1,851,174</u>
Maturity of borrowings (after balance sheet date)				
Within the 1st year	60,137,460	81,305,254	-	463,610
Within the 2nd year	2,880,484	4,889,384	-	463,610
Within the 3rd year	1,099,186	3,946,036	-	463,610
Within the 4th year	683,878	2,685,803	-	460,344
Within the 5th year	270,927	541,059	-	-
Later than 5 years	1,073,760	1,300,095	-	-
	<u>66,145,695</u>	<u>94,667,631</u>	<u>-</u>	<u>1,851,174</u>

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

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
Bank overdrafts	8.19	8.30	-	-
Bankers' acceptances	4.24	4.22	-	-
Trust receipts	8.00	8.10	-	-
Term loans	7.02	6.83	-	7.43
Finance lease payables	<u>5.02</u>	<u>4.75</u>	<u>-</u>	<u>-</u>

The borrowings are secured by certain assets of the Group and a debenture covering fixed and floating charges over all the assets and properties as disclosed in Notes 12, 13 and 14 and additionally guaranteed by a director of a subsidiary and certain directors of the Company. The borrowing of the Company is additionally guaranteed by a subsidiary.



Notes To The Financial Statements

31 December 2008

27. Finance lease payables

	Group	
	2008	2007
	RM	RM
Minimum finance lease payments :		
Within one year	3,048,912	3,879,935
Later than one year and not later than 2 years	2,080,938	2,879,852
Later than 2 years and not later than 5 years	1,198,531	2,619,532
	<u>6,328,381</u>	<u>9,379,319</u>
Less : Future finance charges	(473,030)	(812,856)
	<u>5,855,351</u>	<u>8,566,463</u>
Present value of finance lease payables :		
Within one year	2,778,142	3,437,275
Later than one year and not later than 2 years	2,428,600	2,651,928
Later than 2 years and not later than 5 years	648,609	2,477,260
	<u>5,855,351</u>	<u>8,566,463</u>
Due within 12 months (Note 26)	(2,778,142)	(3,437,275)
Due after 12 months (Note 26)	<u>3,077,209</u>	<u>5,129,188</u>

28. Trade payables

The credit terms granted to the Group range from 30 to 120 (2007: 30 to 120) days.

29. Contingent liabilities

	Company	
	2008	2007
	RM	RM
Unsecured corporate guarantees given to bank for credit facilities granted to subsidiaries	<u>59,752,000</u>	<u>95,232,000</u>



Notes To The Financial Statements

31 December 2008

30. Significant related party transactions

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

	Group	
	2008	2007
	RM	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	2,906,693
- Poh Huat Furniture Industries (M) Sdn. Bhd.	1,586,672	3,740,158
- Poh Huat Woodwork (M) Sdn. Bhd.	-	1,995
	Company	
	2008	2007
	RM	RM
Dividend income received from subsidiary:		
- Ormapaper Industry (M) Sdn. Bhd.	-	13,636,200
Management fee charged to subsidiaries:		
- Ormapaper Industry (M) Sdn. Bhd.	140,000	140,000
- Ormapaper Industry (Perak) Sdn. Bhd.	50,000	-
- Ormapaper Industry (BP) Sdn. Bhd.	10,000	10,000

(b) Remuneration of key management personnel

The remuneration of key management personnel, including directors, is disclosed in Note 7.

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 due as follows:

	Group	
	2008	2007
	RM	RM
Not later than 1 year	57,540	91,176
Later than 1 year but not later than 5 years	21,600	143,746
Later than 5 years	-	658,171
	79,140	893,093



Notes To The Financial Statements

31 December 2008

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.

(b) Interest rate risk

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

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 transacts regionally and is exposed to various currencies, mainly 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)	
	2008	2007
	RM	RM
Trade receivables	144,149	155,725
Other receivables	18,960	-
Trade payables	-	(15,199,825)
Other payables	(25,797)	(313,499)
Term loan	-	(24,488,167)
	<u>137,312</u>	<u>(39,845,766)</u>



Notes To The Financial Statements

31 December 2008

32. Financial instruments (continued)

(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.

(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 20 and 21.

(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.



Notes To The Financial Statements

31 December 2008

33. Segment information

(a) Primary reporting segment - Geographical segments

The Group operates in two principal geographical areas in the Asia-Pacific region and is principally involved in manufacturing of corrugated board and carton boxes.

	Continuing operations		Discontinued operations	Total
	Malaysia RM	Others RM	Vietnam RM	RM
31 December 2008				
Revenue				
External sales	190,586,153	-	24,213,837	214,799,990
Results				
Segment results	6,777,831	-	3,171,869	9,949,700
Finance income	26,701	-	17,345	44,046
Finance cost	(4,865,027)	-	(396,854)	(5,261,881)
Profit before tax	1,939,505	-	2,792,360	4,731,865
Tax expense	(757,398)	-	-	(757,398)
Profit for the year	1,182,107	-	2,792,360	3,974,467
Assets				
Segment assets	178,181,412	-	-	178,181,412
Unallocated assets		178,181,412		431,671
Total assets				178,613,083



Notes To The Financial Statements

31 December 2008

33. Segment information

(a) Primary reporting segment - Geographical segments (continued)

	Continuing operations		Discontinued operations	Total
	Malaysia RM	Others RM	Vietnam RM	RM
Liabilities				
Segment liabilities	79,110,792	-	-	79,110,792
Unallocated liabilities				3,405,088
Total liabilities				82,515,880
Other segment information				
Capital expenditure	4,432,575	-	-	4,432,575
Depreciation and amortisation:				
- Property, plant and equipment	6,187,825	-	-	6,187,825
- Prepaid land lease payment	243,151	-	3,093	246,244
Other significant non-cash income	(126,757)	-	-	(126,757)

31 December 2007

Revenue				
External sales	160,586,206	248,998	160,835,204	50,848,465
				211,683,669
Results				
Segment results	8,654,013	(54,722)	8,599,291	(1,528,200)
Finance income	64,962	-	64,962	34,778
Finance cost	(5,227,593)	-	(5,227,593)	(1,554,785)
Profit/(loss) before tax	3,491,382	(54,722)	3,436,660	(3,048,207)
Tax expense	(288,203)	-	(288,203)	-
Profit/(loss) for the year	3,203,179	(54,722)	3,148,457	(3,048,207)
				100,250

Notes To The Financial Statements

31 December 2008

33. Segment information

(a) Primary reporting segment - Geographical segments (continued)

	Continuing operations		Discontinued operations Vietnam RM	Total RM
	Malaysia RM	Others RM		
Assets				
Segment assets	193,378,278	332,012	66,563,476	260,273,766
Unallocated assets				1,451,627
Total assets				261,725,393
Liabilities				
Segment liabilities	112,867,386	540	44,662,515	157,530,441
Unallocated liabilities				3,783,557
Total liabilities				161,313,998
Other segment information				
Capital expenditure	6,921,562	-	1,581,318	8,502,880
Depreciation and amortisation:				
- Property, plant and equipment	5,952,514	18	2,803,816	8,756,348
- Investment property	9,235	-	-	9,235
- Prepaid land lease payments	243,148	-	9,280	252,428
Other significant non-cash income	1,092,357	-	12,468	1,104,825

(b) Secondary reporting segment - Business segments

The Group is principally involved in the manufacturing of corrugated board and carton boxes and has ceased trading in wrapping paper materials. As the trading segment is not of sufficient size to be reported separately, segment reporting by business segments is not prepared.



List Of Group Properties

As At 31 December 2008

Register Owner	Title / Location	Land Area (Square Metres)	Tenure From / To	Existing Use	Approximate Age of Building (Years)	Date of Acquisition	Net Book Value As at 31/12/2008 (RM'000)
OISB(M)	H. S. (M) 455 to H. S. (M) 470 Lot PT4944 to PT4959 Mukim of Bachang, District of Melaka Tengah, Melaka	33,720	Leasehold 99 Years Expiring On 24/09/2094	Industrial		16-Jan-96	
OISB(M)	H. S. (M) 471 to H. S. (M) 475 Lot PT4960 to PT4964 Mukim of Bachang, District of Melaka Tengah, Melaka	17,246	Leasehold 99 Years Expiring On 24/09/2094	Industrial	12	04-Mar-02	25,461
PKNM*	Lot PT 6127, Kawasan Perindustrian Batu Berendam IV, Melaka Factory No.: 8998, Kawasan Perindustrian Batu Berendam (Phase IV) (Taman Perindustrian Batu Berendam), Batu Berendam, Melaka.	6,822		Industrial (Former Service Road)		01-Aug-03	
OISB(BP)	H. S. (D) 43098 Lot. No. PLO 271 (PTD39208), Mukim of Simpang Kanan, District of Batu Pahat, Johor Darul Takzim Factory No. PLO 271, Jalan Kawasan Perindustrian Sri Gading, 83009 Batu Pahat, Johor Darul Takzim	20,485	Leasehold 60 Years Expiring On 10/07/2060	Industrial	11	27-Oct-97	4,167
OISB(PERAK)	H. S. (D) 10127, H.S. (D) 101313 To H. S. (D) 10135 Lot PT 80050, PT 80054 to PT 80058 Mukim of Hulu Kinta, District of Kinta, State of Perak Factory No. Plot 9, Persiaran Perindustrian Kanthan 2, Industrial Estate, 31200 Chemor, Perak Darul Ridzuan	42,808	Leasehold 60 Years Expiring On 2/1/2051	Industrial	18	25-May-90	7,892
TPSB	H. S. (M) 1776 Lot PT 67 Mukim of Bukit Katil, District of Melaka Tengah, State of Melaka. Factory No. 125, Ayer Keroh Industrial Estate, Ayer Keroh, 75450 Melaka.	10,604	Leasehold 99 Years Expiring On 7/4/2075	Industrial	29	19-Jun-00	4,767
OISB(JOHOR)	H. S. (M) 235151 Lot P.T.D. 113285 Mukim of Plentong, District of Johor Bahru, State of Johor. Factory No. 33, Jalan Cenderai 6, Taman Perindustrian Kota Puteri, 81750 Masai, Johor	6,070	Leasehold 60 Years Expiring On 10/7/2056	Industrial	2	14-Mar-02	2,816

Notes:- OISB(M) - Ornapaper Industry (M) Sdn. Bhd.
OISB(BP) - Ornapaper Industry (Batu Pahat) Sdn. Bhd.
OISB(PERAK) - Ornapaper Industry (Perak) Sdn. Bhd.

TPSB - Tripack Packaging (M) Sdn. Bhd.
OISB (JOHOR) - Ornapaper Industry (Johor) Sdn. Bhd.

PKNM - Perbadanan Kemajuan Negeri Melaka
* OISB(M) had purchased the land From PKNM as Sale and Purchase agreement Dated 01/08/2003

Analysis Of Shareholdings

As At 6 May 2009

Class of Shares : RM1.00 Ordinary Share
Voting Rights : 1 Vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDERS

Range	No. of Shareholders	%	No. of Shares	%
1 to 99	8	0.38	359	0.00
100 to 1,000	398	18.91	378,605	0.50
1,001 to 10,000	1,243	59.05	6,275,300	8.34
10,001 to 100,000	401	19.05	12,691,360	16.87
100,001 to 3,762,529	52	2.47	18,390,099	24.44
3,762,530 and above	3	0.14	37,514,878	49.85
	2,105	100.00	75,250,601	100.00

SUBSTANTIAL SHAREHOLDERS

Name	Direct No. of Shares	%	Indirect No. of Share	%
Intisari Delima Sdn Bhd	18,634,888	24.76	-	-
Lembaga Tabung Haji	13,505,945	17.95	-	-
Lim Tau Lih	5,374,045	7.14	-	-
Ang Kwee Teng	10,000	-	* 18,634,888	24.76
See Wan Seng	-	-	* 18,634,888	24.76
Sai Chin Hock	296,400	0.39	# 21,870,212	29.06

3. DIRECTORS' SHAREHOLDINGS (Based on the Register of Directors' Shareholdings)

Name	No. of Shares	%	No. of Shares	%
Azhar bin Nayan	25,000	0.03	-	-
Lim Tau Lih	5,374,045	7.14	-	-
Ang Kwee Teng	10,000	0.01	18,634,888 *	24.76
See Wan Seng	-	-	18,634,888 *	24.76
Adillah binti Ahmad Nordin	14,000	0.02	-	-
Siow Kee Yen	130,500	0.17	-	-

Notes :-

* Deemed interested by virtue of their shareholdings in Intisari Delima Sdn Bhd

Deemed interested by virtue of him being the father to Mr Sai Seak Chyuan, Mr Sai Tzy Horng, a substantial shareholder of Pilihan SistematiK Sdn Bhd and by virtue of his substantial shareholdings in Intisari Delima Sdn Bhd



Analysis Of Shareholdings

As At 6 May 2009

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

	Name of Shareholders	No. of Shares Hold	%
1.	INTISARI DELIMA SDN BHD	18,634,888	24.76
2.	LEMBAGA TABUNG HAJI	13,505,945	17.95
3.	LIM TAU LIH	5,374,045	7.14
4.	SAI SEAK CHYUAN	2,133,000	2.83
5.	KEVIN GAN KONG CHEE	1,872,900	2.49
6.	LAU CHEE WEN	1,857,500	2.47
7.	GRANDEUR LAND SDN BHD	1,000,000	1.33
8.	YANG, WEI -CHEN	990,489	1.32
9.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HON MENG HENG (MARGIN)	710,100	0.94
10.	SAI SEAK CHYUAN	643,000	0.85
11.	HOE YEN CHING	550,000	0.73
12.	CHIANG WEN CHOU	535,000	0.71
13.	PILIHAN SISTEMATIK SDN BHD	459,324	0.61
14.	EB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ON BOON KAI (TPI-SFC)	458,900	0.61
15.	TAN CHIN HWEE	435,586	0.58
16.	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TSAI HSIN-TIEN (CST)	431,400	0.57
17.	GOH CHOON HONG	380,000	0.51
18.	SAI CHIN HOCK	296,400	0.39
19.	KHOO KIM KAI	252,500	0.34
20.	OOI LENG HWA	215,000	0.29
21.	CHIN LIAN FOON	211,000	0.28
22.	HUANG, CHIEN-YI	200,000	0.27
23.	LEE SIEW LENG	200,000	0.27
24.	LIM KAH ENG	200,000	0.27
25.	YAP NYO NYOK @ YAP YOON JIN	190,000	0.25
26.	TEH CHENG HO	180,000	0.24
27.	LIM HUI FEN	180,000	0.24
28.	WONG EE-COLN	179,500	0.24
29.	LEE CHUN HUA @ LEE SOON HWA	170,500	0.23
30.	MAH CHET HONG	166,000	0.22

Total

52,612,977

69.93



Form Of Proxy

CDS ACCOUNT NO.

NUMBER OF SHARES HELD

*I/We _____ NRIC No./Company No. _____
of (full address) _____

being a Member/Members of ORNAPAPER BERHAD, hereby appoint _____

NRIC No. _____ of _____

or failing *him/her, _____ NRIC No. _____ of _____

or failing *him/her, the CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us and on *my/our behalf at the Seventh Annual General Meeting of the Company to be held at the Conference Room at No. 8998, Kawasan Perindustrian Peringkat 4, Batu Berendam, 75350 Melaka on Friday, 26 June 2009 at 10.30 am and at any adjournment thereof.

No.	Resolutions	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and the Auditors thereon.		
2.	To approve the payment of Directors' Fees for the financial year ended 31 December 2008.		
3.	To re-elect Mr. See Wan Seng who retires pursuant to Article 92 of the Company's Articles of Association.		
4.	To re-elect Tuan Haji Azhar bin Nayan who retires pursuant to Article 92 of the Company's Articles of Association.		
5.	To re-appoint Messrs Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
6.	Special Business <u>Ordinary Resolution</u> - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
7.	Special Business <u>Ordinary Resolution</u> - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

* Strike out whichever not applicable.

Please indicate with an "X" in the space provided above how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

As witness my/our hand(s) this _____ day of _____ 2009.

Signature of Member/Common Seal

Notes:

1. In respect of deposited security, only members whose names appear in the Record of Depositors on 18 June 2009 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at this Meeting is entitled to appoint more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint



any person to be his proxy without limitation and the provision of Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.

3. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he or she specifies the proportion of his or her holdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 1A, 6th Floor, Menara Pertam, Jalan BBP 2, Taman Batu Berendam Putra, Batu Berendam, 75350 Melaka not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.

fold here

Affix
Stamp
Here

The Company Secretary
ORNAPAPER BERHAD (573695-W)
Lot 1A, 6th Floor, Menara Pertam,
Jalan BBP 2, Taman Batu Berendam Putra,
Batu Berendam, 75350 Melaka
MALAYSIA

fold here

ORNAPAPER BERHAD (573695-W)

No. 8998, Kawasan Perindustrian

Batu Berendam Peringkat IV,

75350 Melaka, Malaysia.

Tel: 06-3355 888 Fax: 06-3355 999

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