



ORNAPAPER BERHAD
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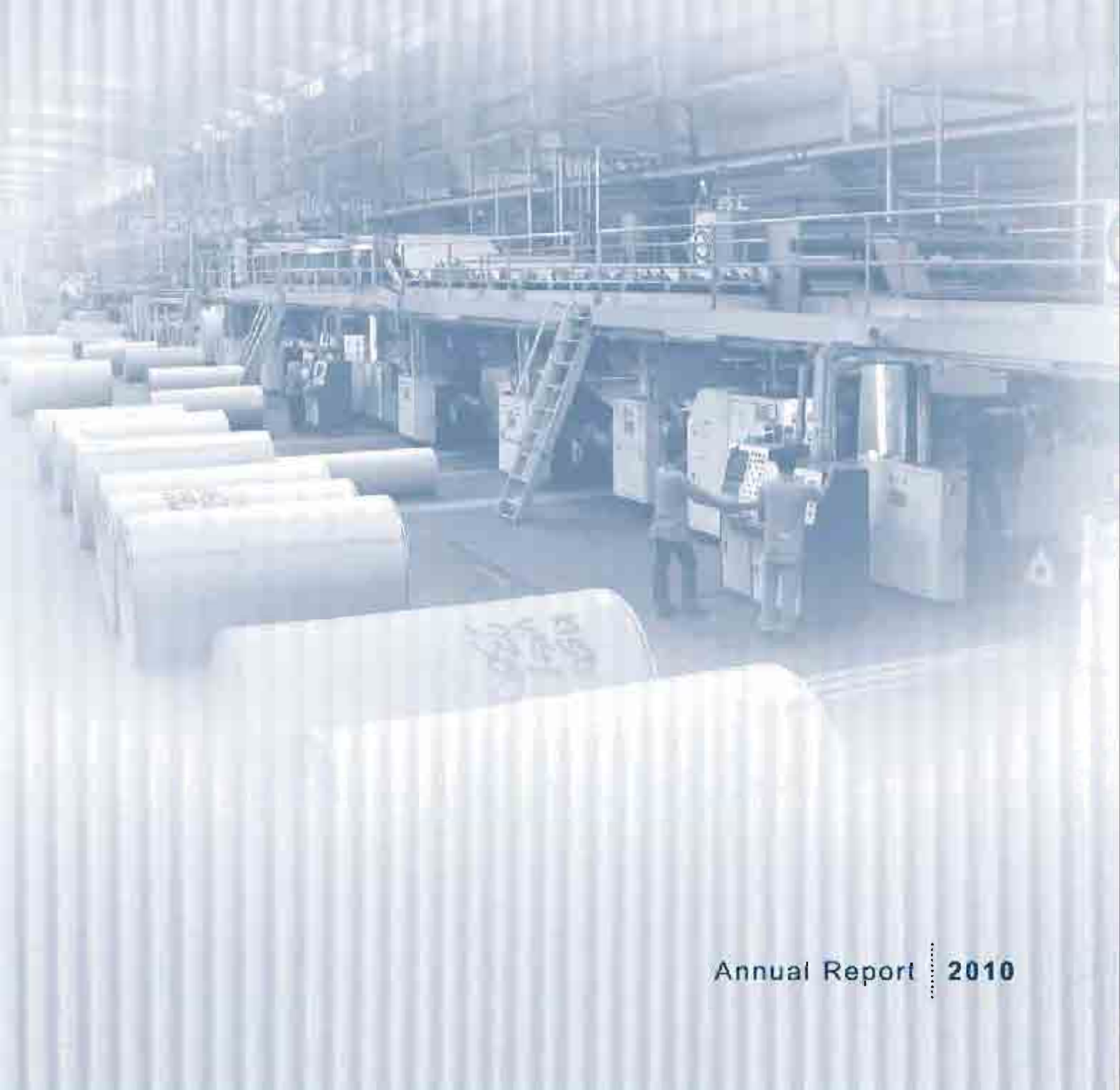




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Notice Of The Ninth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting (AGM) of the Company will be held at Meeting Room 1 of Holiday Inn Melaka, Jalan Syed Abdul Aziz, 75000 Melaka on Wednesday, 29 June 2011 at 10.30 a.m.

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 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 2010. (Resolution 2)
3. To re-elect the following Directors who retire pursuant to Article 92 of the Company's Articles of Association:-
 - (a) Mr. See Wan Seng (Resolution 3)
 - (b) Puan Adillah binti Ahmad Nordin (Resolution 4)
 - (c) Mr. Siow Kee Yen (Resolution 5)
4. To re-appoint Ernst & Young as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. (Resolution 6)
5. **As Special Business**

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

Ordinary Resolution

- **Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature** (Resolution 7)

THAT subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company and Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to Omapaper Berhad and its subsidiary Companies (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 7 June 2011 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;
- (b) the Shareholders' Mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year; and



Notice Of The Ninth Annual General Meeting

- (c) in a meeting to obtain shareholders' mandate, the interested directors, interested major shareholders or interested persons connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

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

- (i) the conclusion of the next AGM of the Company following the general meeting at which such Proposed Renewal of Shareholders' Mandate was passed, at which time it will lapse, unless by resolution passed at the general meeting, the authority is renewed;
- (ii) 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
- (iii) revoked or varied by resolution passed by the shareholders in an AGM or Extraordinary General Meeting.

whichever is earlier;

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 0008058)
Company Secretaries

Malaka
7 June 2011

Explanatory Note To Special Business:-

1. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature

The Resolution 7, if passed would enable the Company and its subsidiary companies to enter into any of the existing recurrent related party transactions of a revenue or trading nature which are necessary for the Group's 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 of the Company.

Notice Of The Ninth Annual General Meeting

Notes:

- (i) In respect of deposited security, only members whose names appear in the Record of Depositors on 21 June 2011 ("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.
- (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.



Corporate Information

BOARD OF DIRECTORS

Mr. Sai Chin Hock
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 0008058)

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

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran 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 Market of Bursa Malaysia
Securities Berhad

Profile of Directors

Mr Sai Chin Hock

Age	: 62
Nationality	: Malaysian
Designation / Position in the Company	: Executive Director
Date of appointment	: 26 January 2010
Qualification	: Bachelor of Commerce (Nanyang University, Singapore)
Work experience	: Managing Director for the past 35 years
Directorship in other Public Companies	: Nil
Securities holding in the Company and its subsidiaries	: Direct – 846,400 shares : Deemed – 22,305,798 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

Tuan Haji Azhar bin Nayan

Age	: 48
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 Omapaper 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	: 64
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, rejoined from 2010 to present); Director of Tripack Packaging (M) Sdn Bhd (2004 to 2008, rejoined from 2010 to present).
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	: 40
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 - 230,500 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	: 42
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 – 34,000 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	: 61
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



Letter to Shareholders

On behalf of the Board of Directors, it is with pleasure that I present to you the Annual Report and Audited Financial Statements of Ornapaper Berhad for the year ended 31 December 2010.

PERFORMANCE AND FINANCIAL REVIEW

The Group recorded a higher revenue of RM217 million in the reporting year as compared to a RM156 million in the previous year. The increase in revenue by 39% from the preceding year was mainly resulted from the rising prices and demand of corrugated boards and carton boxes due to favorable economic environment.

Despite the increase in turnover, the Group had posted net profits after taxation of RM4.59 million for financial year ended 31 December 2010 as compared to RM4.61 million in the corresponding year. This was mainly due to rising cost of paper roll and operating cost which eroded the profit margin of the Group.

PROSPECTS FOR 2011

The year 2011 continued to be challenging due to rising price of paper roll in tandem with the surging of crude oil price and operating cost which will in turn erode the profit margin of the Group. The Group shall continue to focus on production efficiency and increase market share. We opined that these strategies will further enhance our earnings.

CORPORATE SOCIAL RESPONSIBILITY

The Board place high commitment in the healthcare, development and training for our employees as to ensure they are well equipped with their jobs. In addition, we also place great importance on the welfare of our employees.

APPRECIATION

On behalf of the Board, I wish to express my sincere gratitude and appreciation to the Board and employees of the Group for their contribution and dedication to the Group through the years. The success of the Group is, without a doubt, the result of the dedication and hard work of each and every employee.

I also wish to thank our loyal customers for choosing our products and services; our suppliers and bankers for their trust and support and last but not least, our shareholders for investing in our Company.

On behalf of the Board,
Sai Chin Hock
Executive 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 extent of the Group's compliance with the Best Practices set out in Part 2 of the Code is as stated in Compliance Statement.

THE BOARD OF DIRECTORS

Board Balance and Composition

The Board members comprise of three Executive Directors, one Non-Executive Director and two Independent Non-Executive Directors. The Composition of the Board not only reflect 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.

Profile of individual Directors are set out in pages 6 to 8 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 Executive 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 agendas and Board paper for each agenda to be discussed would be distributed to all Directors for timely and accurate information prior to the meeting.

Statement On Corporate Governance

The Board met six (6) times during the financial year ended 31 December 2010 and details of the attendance of Directors during the financial year under review are as follows:-

Names of Directors	Attendance
Lim Tau Lih	4/4 (Retired at AGM held on 29 June 2010)
Ang Kwee Teng	5/6
See Wan Seng	6/6
Azhar bin Nayan	5/6
Siow Kee Yen	6/6
Adillah binti Ahmad Nordin	6/6
Sai Chin Hock	6/6 (Appointed to the Board on 26 January 2010)

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 during the financial year ended 31 December 2010.

- (i) Malaysian Investro Relations Association-Training on "The Role of PR In Public Listed Company"
- (ii) MSWG-Seminar on "Promoting the Corporate Governance Agenda-Raising the Bar"
- (iii) Mandatory Accreditation Programme for Director of Public Listed Company
- (iv) 2 Days Corporate Directors Training
- (v) MSWG-Corporate Valuation-What to look for & Invest Smartly
- (vi) Internal Audit Quality Assessment by Institute of Internal Auditors Malaysia (IIAM)
- (vii) National Conference on Internal Auditing 2010 by IIAM.
- (viii) Strategizing Communications in a Public Listed Company by Bursa Securities.

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 composition and terms of reference of the Audit Committee are detailed in the Audit Committee Report appearing in pages 15 to 18 of this annual report.

(ii) Nomination Committee

The Nomination Committee comprises the following three Non-Executive Directors, two of whom are independent :-

Slow Kee Yen (Chairman / Independent Non-Executive Director)
Adillah binti Ahmad Nordin (Member / Independent Non-Executive Director)
Azhar bin Nayan (Member / Non-Independent Non-Executive Director)

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

The Remuneration Committee comprises the following three Non-Executive Directors, two of whom are independent :-

Adillah binti Ahmad Nordin (Chairperson / Independent Non-Executive Director)
Slow Kee Yen (Member / Independent Non-Executive Director)
Azhar bin Nayan (Member / Non-Independent Non-Executive Director)

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.

All Directors are paid meeting allowances for their attendance at Board and / or Board Committee meetings.

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 2010 are disclosed in Note 10 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 such 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 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 2010, 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.

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.

Statement On Corporate Governance

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 in pages 19 to 20 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 in pages 15 to 18 of this annual report.

Internal Audit Function

The Group has outsourced its Internal Audit to assist the Audit Committee in the discharge of its duties and responsibilities. The Internal Audit function includes evaluation of the processes by which significant risks are identified, assessed and managed. Such audits are carried out to ensure instituted controls are appropriate, effectively applied and within acceptable risk exposures consistent with the Group's risk management policy. The total cost incurred was RM45,889.

ADDITIONAL COMPLIANCE INFORMATION

Share Buyback

During the financial year, there were no shares buyback 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 2010.

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

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

Sanction and/or Penalty

The Company is not aware of any sanction and/or penalty imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year ended 31 December 2010.

Variance in Results

There were no material variation in results.

There were no deviation of 10% or more in the profit after tax and minority interest between the audited and unaudited results announced for the financial year ended 31 December 2010.

Non-audit fees

During the financial year, there were no non-audit fees 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.

Recurrent Related Party Transactions of Revenue and Trading Nature (RRPT)

The information on RRPTs for the financial year is presented in the Audited Financial Statements in this annual report and the Circular to Shareholders.



Audit Committee Report

MEMBERSHIP

The members of the Audit Committee are as follows:-

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 Chief Executive Officer, the Finance Director, 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 2010, a total of four (4) meetings were held, details of which are as follows:

Name	Attendance
Siew Kee Yen	4/4
Adillah binti Ahmad Nordin	4/4
Azhar bin Nayan	3/4

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 15.26 (b) of the Main Market 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 2010, 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.

Whilst the Board is ultimately responsible for identifying the Group's risks, the implementation and the establishment of the Group's Risk Management Framework are delegated to the Management Committee who 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 Executive Director ("ED") and his management team. The ED 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 ED 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 ED containing both financial and non-financial information.
- * 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 ED.

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 2010. 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 22 April 2011.



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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 2010.

Principal activities

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

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

Results

	Group RM'000	Company RM'000
Profit for the year, net of tax	4,658	89
Profit attributable to:		
Owners of the parent	4,589	89
Minority interests	69	-
	4,658	89

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 the effects arising from the changes in accounting policies due to the adoption of Financial Reporting Standard ("FRS") 139 Financial Instruments: Recognition and Measurement which resulted in the Group's profit net of tax decreasing by RM129,000 as disclosed in Note 2.2(c) to the financial statements.

Dividend

No dividend was paid or declared by the Company since 31 December 2009. The directors do not propose any final 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 :

Sai Chin Hock
See Wan Seng
Ang Kwee Teng
Siow Kee Yen
Tuan Haji Azhar bin Nayan
Adillah binti Ahmad Nordin
Lim Tau Lih (retired on 29 June 2010)

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 10 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			
	1.1.2010	Acquired	Sold	31.12.2010
Direct Interest				
Sai Chin Hock	846,400	-	-	846,400
Ang Kwee Teng	10,000	-	-	10,000
Siow Kee Yen	130,500	100,000	-	230,500
Tuan Haji Azhar bin Nayan	25,000	-	-	25,000
Adillah binti Ahmad Nordin	14,000	-	-	14,000

Directors' Report

Directors' interests (continued)

	Number of ordinary shares of RM1 each			
	1.1.2010	Acquired	Sold	31.12.2010
Indirect interest				
Sai Chin Hock	22,305,798	-	-	22,305,798
Ang Kwee Teng	18,634,888	-	-	18,634,888
See Wan Seng	18,634,888	-	-	18,634,888

Sai Chin Hock, 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 in the financial statements of the Group and of the Company 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.

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 22 April 2011.

Sai Chin Hock

Ang Kwee Teng

Melaka, Malaysia

Statement By Directors

Statement by directors

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

We, Sai Chin Hock and Ang Kwee Teng, being two of the directors of Ormapaper Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 30 to 92 are 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 2010 and of their financial performance and cash flows for the year then ended.

The information set out in Note 40 on page 92 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 April 2011.

Sai Chin Hock

Ang Kwee Teng

Melaka, Malaysia

Statutory declaration

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

I, Sai Chin Hock, being the director primarily responsible for the financial management of Ormapaper Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 30 to 92 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 Sai Chin Hock at Melaka
in the State of Melaka on 22 April 2011

Sai Chin Hock

Before me,

ONG SAN KEE
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 statements of financial position of the Group and of the Company as at 31 December 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 30 to 92.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Independent Auditors' Report To The Members Of Ornapaper Berhad

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 2010 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report of the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 40 on page 92 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as Issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.



Independent Auditors' Report To The Members Of Ornapaper Berhad

Other matters (continued)

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

Ernst & Young
AF: 0039
Chartered Accountants

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

Malaka, Malaysia
Date: 22 April 2011

Statements Of Comprehensive Income

(For The Financial Year Ended 31 December 2010)

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Continuing operations					
Revenue	4	216,517	156,461	451	1,560
Cost of sales		(181,776)	(125,769)	-	-
Gross profit		34,741	30,692	451	1,560
Other items of income					
Interest income	5	11	8	-	-
Other income	6	952	931	-	1
Other items of expense					
Administrative expenses		(7,326)	(6,966)	(262)	(247)
Selling and marketing expenses		(12,507)	(10,302)	(4)	(4)
Finance costs	7	(3,136)	(3,044)	-	-
Other expenses		(5,876)	(5,161)	(89)	(92)
Profit before tax	8	6,859	6,158	96	1,218
Income tax expense	11	(2,201)	(1,352)	(7)	(5)
Profit, net of tax, representing total comprehensive income for the year		4,658	4,806	89	1,213
Profit attributable to:					
Owners of the parent		4,589	4,605	89	1,213
Minority interests		69	201	-	-
		4,658	4,806	89	1,213
Earnings per share attributable to owners of the parent (sen)					
Basic	12	6.1	6.1		
Diluted	12	6.1	6.1		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



Statements Of Financial Position

As at 31 December 2010

Group	Note	31.12.2010 RM'000	31.12.2009 RM'000 (restated)	1.1.2009 RM'000 (restated)
Assets				
Non-current assets				
Property, plant and equipment	13	86,194	83,420	83,072
Land use rights	14	3,726	3,837	3,948
Goodwill	16	1,633	1,633	1,633
Investment securities	17	244	254	254
		<u>91,797</u>	<u>89,144</u>	<u>88,907</u>
Current assets				
Inventories	18	23,655	23,134	21,674
Trade and other receivables	19	58,674	64,270	62,584
Tax recoverable		597	537	432
Cash and bank balances	20	12,545	13,565	5,016
Other current assets	21	<u>3,725</u>	<u>378</u>	-
		99,196	101,884	89,706
Assets held for sale	22	<u>440</u>	-	-
		<u>99,636</u>	<u>101,884</u>	<u>89,706</u>
Total assets		<u>191,433</u>	<u>191,028</u>	<u>178,613</u>
Equity and liabilities				
Current liabilities				
Borrowings	23	53,837	59,910	60,137
Trade and other payables	24	25,866	21,418	12,965
Current tax payable		313	297	330
		<u>80,016</u>	<u>81,625</u>	<u>73,432</u>
Net current assets		<u>19,620</u>	<u>20,259</u>	<u>16,274</u>
Non-current liabilities				
Borrowings	23	6,103	6,139	6,000
Deferred tax liabilities	25	2,946	3,113	3,075
Non-current liabilities		<u>9,049</u>	<u>9,252</u>	<u>9,083</u>
Total liabilities		<u>89,065</u>	<u>90,877</u>	<u>82,515</u>
Net assets		<u>102,368</u>	<u>100,151</u>	<u>96,098</u>

Statements Of Financial Position

As at 31 December 2010

Group	Note	31.12.2010 RM'000	31.12.2009 RM'000 (restated)	1.1.2009 RM'000 (restated)
Equity attributable to owners of the parent				
Share capital	26	75,251	75,251	75,251
Share premium	27	11,156	11,156	11,156
Retained earnings	28	15,356	13,208	9,356
		<u>101,763</u>	<u>99,615</u>	<u>95,763</u>
Minority interests		605	536	335
Total equity		<u>102,368</u>	<u>100,151</u>	<u>96,098</u>
Total equity and liabilities		<u>191,433</u>	<u>191,028</u>	<u>178,613</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



Statements Of Financial Position

As at 31 December 2010

Company	Note	31.12.2010 RM'000	31.12.2009 RM'000
Assets			
Non-current assets			
Investment in subsidiaries	15	<u>75,585</u>	<u>75,585</u>
		<u>75,585</u>	<u>75,585</u>
Current assets			
Trade and other receivables	19	10,780	10,731
Tax recoverable		142	86
Cash and bank balances	20	215	260
Other current assets	21	<u>10</u>	<u>-</u>
		<u>11,147</u>	<u>11,077</u>
Total assets		<u>86,732</u>	<u>86,662</u>
Equity and liabilities			
Current liabilities			
Trade and other payables	24	<u>31</u>	<u>50</u>
Total liabilities		<u>31</u>	<u>50</u>
Net current assets		<u>11,116</u>	<u>11,027</u>
Net assets		<u>86,701</u>	<u>86,612</u>
Equity attributable to owners of the parent			
Share capital	26	75,251	75,251
Share premium	27	11,156	11,156
Retained earnings	28	<u>294</u>	<u>205</u>
Total equity		<u>86,701</u>	<u>86,612</u>
Total equity and liabilities		<u>86,732</u>	<u>86,662</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements Of Changes In Equity

(For The Financial Year Ended 31 December 2010)

Group	Note	Non-distributable Share capital RM'000	Share premium RM'000	Distributable Retained earnings RM'000	Attributable to owners of the parent RM'000	Minority interests RM'000	Total equity RM'000
At 1 January 2010		75,251	11,156	13,208	99,615	536	100,151
Effects of adopting FRS 139	2.2(c)	-	-	(2,441)	(2,441)	-	(2,441)
Total comprehensive income		75,251	11,156	10,767	97,174	536	97,710
At 31 December 2010		-	-	4,589	4,589	69	4,658
		75,251	11,156	15,356	101,763	605	102,368
At 1 January 2009		75,251	11,156	9,356	95,763	335	96,098
Total comprehensive income		-	-	4,605	4,605	201	4,806
Transaction with owners:							
- Dividends on ordinary shares	29	-	-	(753)	(753)	-	(753)
At 31 December 2009		75,251	11,156	13,208	99,615	536	100,151



Statements Of Changes In Equity

(For The Financial Year Ended 31 December 2010)

Company	Note	Non-distributable Share capital RM'000	Share premium RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2010		75,251	11,156	205	86,612
Total comprehensive income		-	-	89	89
At 31 December 2010		75,251	11,156	294	86,701
At 1 January 2009		75,251	11,156	(255)	86,152
Total comprehensive income		-	-	1,213	1,213
Transaction with owners:					
- Dividends on ordinary shares	29	-	-	(753)	(753)
At 31 December 2009		75,251	11,156	205	86,612

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements Of Cash Flows

(For The Financial Year Ended 31 December 2010)

Note	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Operating activities				
Profit before tax	6,859	6,158	96	1,218
Adjustments for:				
Allowance for impairment loss:				
- Trade receivables	19(a) 410	746	-	-
- Other receivables	19(b) 78	-	-	-
Bad debts written off	890	19	-	-
Depreciation and amortisation:				
- Property, plant and equipment	13 6,884	6,492	-	-
- Land use rights	14 111	111	-	-
Fair value loss on investment securities designated at fair value through profit or loss	1	-	-	-
Net gain on disposal of property, plant and equipment	(99)	(272)	-	-
Reversal of allowance for impairment loss on trade receivables	(276)	(11)	-	-
Interest expense	3,136	3,044	-	-
Interest income	(11)	(8)	-	-
Total adjustments	11,124	10,121	-	-
Operating cash flows before changes in working capital	17,983	16,279	96	1,218
Changes in working capital				
Increase in inventories	(521)	(1,460)	-	-
Increase in trade and other receivables	(2,512)	(2,817)	(59)	(222)
Increase/(decrease) in trade and other payables	4,449	8,453	(18)	18
Total changes in working capital	1,416	4,176	(77)	(204)
Cash generated from operation	19,399	20,455	19	1,014
Interest paid	(3,136)	(3,044)	-	-
Interest received	11	8	-	-
Taxes paid	(1,826)	(1,452)	(63)	(42)
Net cash flows from/(used in) operating activities	14,648	15,967	(44)	972



Statements Of Cash Flows

(For The Financial Year Ended 31 December 2010)

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Investing activities					
Purchase of property, plant and equipment	13(c)	(6,806)	(3,349)	-	-
Net cash outflow on acquisition of a subsidiary		-	-	(1)	-
Proceeds from disposal of property, plant and equipment		165	541	-	-
Net cash flows used in investing activities		<u>(6,641)</u>	<u>(2,808)</u>	<u>(1)</u>	<u>-</u>
Financing activities					
Drawdown/(repayment) of term loans		326	(456)	-	-
Payment of dividend	29	-	(753)	-	(753)
Repayment of finance lease payables		(3,792)	(3,274)	-	-
(Decrease)/increase in short term borrowings		<u>(3,432)</u>	<u>531</u>	<u>-</u>	<u>-</u>
Net cash flows used in financing activities		<u>(6,898)</u>	<u>(3,952)</u>	<u>-</u>	<u>(753)</u>
Net increase/(decrease) in cash and cash equivalents		1,109	9,207	(45)	219
Cash and cash equivalents at 1 January		<u>8,350</u>	<u>(857)</u>	<u>260</u>	<u>41</u>
Cash and cash equivalents at 31 December	20	<u>9,459</u>	<u>8,350</u>	<u>215</u>	<u>260</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

1. Corporate information

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

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

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS) and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2.

The financial statements 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) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as indicated below.

On 1 January 2010, the Group and the Company adopted, where applicable, the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010:



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

- FRS 4 Insurance Contracts
- FRS 7 Financial Instruments: Disclosures
- FRS 8 Operating Segments
- FRS 101 Presentation of Financial Statements (Revised)
- FRS 123 Borrowing Costs
- FRS 139 Financial Instruments: Recognition and Measurement
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- Improvements to FRS issued in 2009
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- TR I-3 Presentation of Financial Statements of Islamic Financial Institutions

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company except for those discussed below.

(a) FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(a) FRS 7 Financial Instruments: Disclosures (continued)

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group and the Company's financial statements for the year ended 31 December 2010.

(b) FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's and the Company's objectives, policies and processes for managing capital (see Note 36).

The revised FRS 101 was adopted retrospectively by the Group and by the Company.

(c) FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company has adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(c) FRS 139 Financial Instruments: Recognition and Measurement (continued)

Equity instruments

Prior to 1 January 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated on 1 January 2010 at fair value through profit or loss and accordingly stated at their fair values as at that date amounting to RM9,000. An adjustment of RM10,000 has been made to their previous carrying amounts and recognised as adjustment to the opening balance of retained earnings as at 1 January 2010.

Investments in equity instruments with a carrying amount of RM235,000 whose fair value cannot be reliably measured at 1 January 2010 continue to be carried at cost less impairment losses. No adjustments were made to the opening balance of retained earnings as at 1 January 2010.

Impairment of trade receivables

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. On 1 January 2010, the Group remeasured the allowance for impairment losses on trade receivables and as at that date in accordance with FRS 139 and the difference of RM3,240,000 and the related tax effect of RM810,000 were recognised as adjustments to the opening balance of retained earnings as at 1 January 2010.

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(c) FRS 139 Financial Instruments: Recognition and Measurement (continued)

Financial guarantee contracts

During the current and prior years, the Company provided financial guarantees to banks in connection with bank loans and other banking facilities granted to its subsidiaries. Prior to 1 January 2010, the guarantees were accounted for and disclosed as contingent liabilities in the financial statements of the Company.

Upon the adoption of FRS 139, such guarantees are to be recognised initially at fair value. As at the date of first adoption of FRS 139, all unexpired financial guarantees issued were not recognised as no value has been placed on the guarantees provided by the Company as the directors regard the value of the credit enhancement provided by the said guarantees to be minimal. This is because the bank loans and other banking facilities granted under the guarantees are fully collateralised by fixed and floating charges over the properties, plant and equipment and other assets of the subsidiaries.

Inter-company loans

During the current and prior years, interest-free loans and advances were made between the Company and its subsidiaries. Prior to 1 January 2010, these loans and advances were recorded at cost in the Company's financial statements. Upon the adoption of FRS 139, the interest-free loans or advances continue be recorded initially at cost as the Company takes these loans in a form of short-term advances and payable on demand. Therefore, the effect of discounting is considered as immaterial and the fair value of the loans is equal to the amount of the advances given or received. No adjustments were made to the opening balance of retained earnings as at 1 January 2010.



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(c) FRS 139 Financial Instruments: Recognition and Measurement (continued)

The following are effects arising from the above changes in accounting policies on the Group's financial statements :

	Increase/(decrease)	
	As at	As at
	31.12.2010	1.1.2010
	RM'000	RM'000
<u>Statement of financial position</u>		
Investment securities	(10)	(9)
Trade and other receivables	(3,410)	(3,240)
Deferred tax liabilities	(852)	(810)
Retained earnings	(2,570)	(2,441)
		Increase/ (decrease)
		2010
		RM'000
<u>Statement of comprehensive income</u>		
General expenses		1
Selling expenses		170
Profit before tax		(171)
Income tax expense		42
Profit net of tax, representing total comprehensive income for the year		(129)

The comparative figures have not been restated.

(d) Amendments to FRS 117 Leases

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group and the Company as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(d) Amendments to FRS 117 Leases (continued)

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group have applied this change in accounting policy retrospectively and certain comparatives have been restated.

The following are effects to the statements of financial position arising from the above change in accounting policy:

	31.12.2010 RM'000	31.12.2009 RM'000	1.1.2009 RM'000
Increase/(decrease) in:			
Property, plant and equipment	10,241	10,374	10,506
Land use rights	(10,241)	(10,374)	(10,506)

The comparatives have been restated as disclosed in Note 38.

2.3 Standards issued but not yet effective

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

Description	Effective date +
• FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
• FRS 3 Business Combinations (Revised)	1 July 2010
• FRS 127 Consolidated and Separate Financial Statements (Revised)	1 July 2010
• Amendments to FRS 2 Share-based Payment	1 July 2010
• Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
• Amendments to FRS 138 Intangible Assets	1 July 2010



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

Description	Effective date +
• Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
• IC Interpretation 12 Service Concession Arrangements	1 July 2010
• IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
• IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
• Amendments to FRS 132: Classification of Rights Issues	1 March 2010
• Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
• Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
• Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
• Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
• Improvements to FRS issued in 2010	1 January 2011
• IC Interpretation 4 Determining Whether an Arrangement contains a Lease	1 January 2011
• IC Interpretation 18 Transfer of Assets from Customers	1 January 2011
• IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
• Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011
• TR i - 4: Shariah Compliant Sale Contracts	1 January 2011
• FRS 124 Related Party Disclosures (Revised)	1 January 2012
• IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
+ For accounting periods beginning on or after	

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127 as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described below.

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

2.4 Subsidiaries and basis of consolidation

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

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.4 Subsidiaries and basis of consolidation (continued)

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.8. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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.

2.5 Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

2.6 Foreign currency

(a) Functional and presentation currency

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

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.6 Foreign currency (continued)

(b) Foreign currency transactions

Transactions in foreign currencies are measured and are recorded on initial recognition in Ringgit Malaysia at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

2.7 Property, plant and equipment and depreciation

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

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

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

Leasehold land	99 years
Factory buildings	50 years
Plant and machinery, factory equipment and electrical installation	5 to 20 years
Other assets	5 to 10 years

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

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



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.7 Property, plant and equipment and depreciation (continued)

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

2.8 Intangible asset - goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU.

2.9 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

2.10 Impairment of non-financial assets

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

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

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.10 Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

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

2.11 Subsidiaries

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

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

2.12 Financial assets

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

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

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



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.12 Financial assets (continued)

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

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

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

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

The Group has designated its investment in quoted securities disclosed as non-current assets, which are not held for trading but for long term purposes, as financial assets at fair value through profit or loss.

(b) Loans and receivables

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

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

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

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.12 Financial assets (continued)

(c) Held-to-maturity investments

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

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

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

There were no financial assets categorised as held-to-maturity investments during the reporting period.

(d) Available-for-sale financial assets

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

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

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



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.12 Financial assets (continued)

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

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

Investments in unquoted securities, which are held for long term purposes and disclosed as non-current assets, are categorised as available-for-sale investments.

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

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

2.13 Impairment of financial assets

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

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.13 Impairment of financial assets (continued)

(a) Trade and other receivables and other financial assets carried at amortised cost (continued)

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

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

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

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.13 Impairment of financial assets (continued)

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

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

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

2.16 Provisions

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.17 Financial liabilities

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

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

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

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

There were no financial liabilities at fair value through profit or loss during the reporting period.

(b) Other financial liabilities

The Group and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.17 Financial liabilities (continued)

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

2.18 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

As disclosed in Note 2.2(c), no values are placed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.20 Employee benefits - defined contribution plans

The Group makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.21 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(e).



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.22 Revenue

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. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. 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.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Management fees

Management fees are recognised when services are rendered.

(d) Dividend income

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

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.23 Income taxes

(a) Current tax

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

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

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.23 Income taxes (continued)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.23 Income taxes (continued) (continued)

(b) Deferred tax (continued)

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

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

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

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

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

2. Significant accounting policies (continued)

2.24 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.25 Contingencies

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

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

3. Significant accounting judgments and estimates

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has not made any critical judgments, apart from those involving estimations, which could have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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

(For The Financial Year Ended 31 December 2010)

3. Significant accounting judgments and estimates (continued)

3.2 Key sources of estimation uncertainty (continued)

(a) Useful lives of plant and machinery

The cost of plant and equipment for the manufacture of corrugated boards and carton boxes is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 5 to 20 years. These are common life expectancies applied in the corrugated boards and carton boxes 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. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 13. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 1% (2009: 1.5%) variance in the Group's profit for the year.

(b) Impairment of goodwill

Goodwill are tested annually for impairment and at other times when such indicators exist. This requires an estimation of the value in use of the CGU's to which goodwill is allocated.

When value in use calculation are undertaken, management must estimate the suitable discount rate in order to calculate the present values of those cashflows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 16.

(c) Impairment of loans and receivables

The Group and the Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group and the Company's loans and receivable at the reporting date is disclosed in Note 19. If the present value of estimated future cash flows increases/decreases by 10% from management's estimates, the Group's allowance for impairment will decrease/increase by RM685,000.

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

4. Revenue

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sales of goods	216,517	156,461	-	-
Dividend income from subsidiaries	-	-	224	1,350
Management fees from subsidiaries	-	-	227	210
	<u>216,517</u>	<u>156,461</u>	<u>451</u>	<u>1,560</u>

5. Interest income

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest income from:				
Loans and receivables	<u>11</u>	<u>8</u>	<u>-</u>	<u>-</u>

6. Other income

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Commission received	82	75	-	-
Insurance claims	48	88	-	-
Net gain on disposal of property, plant and equipment	99	272	-	-
Rental from operating leases	195	202	-	-
Reversal of allowance for impairment loss on trade receivables	276	11	-	-
Others	252	283	-	1
	<u>952</u>	<u>931</u>	<u>-</u>	<u>1</u>



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

7. Finance costs

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- Bank loans and overdrafts	2,795	2,878	-	-
- Obligations under finance leases	341	366	-	-
	<u>3,136</u>	<u>3,044</u>	<u>-</u>	<u>-</u>

8. Profit before tax

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

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- Statutory audit (current year)	123	118	31	30
- Statutory audit (prior year)	-	(6)	-	(5)
- Other services	-	24	-	7
Bad debts written off	890	19	-	-
Carriage inwards and outwards	10,511	8,269	-	-
Depreciation and amortisation:				
- Property, plant and equipment (Note 13)	6,884	6,492	-	-
- Land use right (Note 14)	111	111	-	-
Employee benefits expense (Note 9)	17,509	16,231	86	98
Fair value loss on investment securities designated at fair value through profit or loss	1	-	-	-
Foreign exchange gains	(76)	(17)	-	-
Impairment loss on financial assets				
- Trade receivables [Note 19(a)]	410	746	-	-
- Other receivables [Note 19(b)]	78	-	-	-
Non-executive directors' remuneration (Note 10)	154	157	106	94
Operating lease:				
- Minimum lease payments on land and buildings	758	300	-	-
- Minimum lease payments on plant and equipment	-	30	-	-
	<u>-</u>	<u>30</u>	<u>-</u>	<u>-</u>

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

9. Employee benefits expense

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Wages and salaries	15,128	13,765	84	96
Contributions to defined contribution plans	1,162	1,062	2	2
Social security contributions	145	126	-	-
Other benefits	1,074	1,278	-	-
	<u>17,509</u>	<u>16,231</u>	<u>86</u>	<u>98</u>

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM1,601,000 and RM86,000 (2009: RM1,666,000 and RM98,000) respectively.

10. Directors' remuneration

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive directors				
Directors of the Company:				
- Fees	120	140	48	63
- Salaries and other emoluments	407	713	36	33
- Defined contribution plans	42	78	2	2
	<u>569</u>	<u>931</u>	<u>86</u>	<u>98</u>
Other directors of subsidiaries:				
- Salaries and other emoluments	970	654	-	-
- Defined contribution plans	62	81	-	-
	<u>1,032</u>	<u>735</u>	<u>-</u>	<u>-</u>
Total executive directors' remuneration (excluding benefits-in-kind)	1,601	1,666	86	98
Estimated money value of benefits-in-kind	20	13	-	-
Total executive directors' remuneration (including benefits-in-kind)	<u>1,621</u>	<u>1,679</u>	<u>86</u>	<u>98</u>



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

10. Directors' remuneration (continued)

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Non-executive directors				
Directors of the Company:				
- Fees	144	147	96	84
- Other emoluments	10	10	10	10
	<u>154</u>	<u>157</u>	<u>106</u>	<u>94</u>
Total directors' remuneration	<u>1,775</u>	<u>1,836</u>	<u>192</u>	<u>192</u>

The number of directors of the Company who held office during the financial year, whose total annual remuneration received from the Group that fell within the following bands is analysed below:

	2010	2009
Executive directors		
Below RM50,000	-	1
RM150,001 to RM200,000	2	1
RM250,001 to RM300,000	1	-
RM300,001 to RM350,000	1	-
Above RM650,000	-	1
Non-executive directors		
Above RM50,000	3	3

11. Income tax expense

Major components of income tax expense

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Statement of comprehensive income:				
Current income tax:				
- Malaysian income tax	1,552	1,309	-	-
- Underprovision in prior years	6	5	7	5
	<u>1,558</u>	<u>1,314</u>	<u>7</u>	<u>5</u>

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

11 Income tax expense (continued)

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Deferred income tax (Note 25):				
- Origination and reversal of temporary differences	290	(138)	-	-
- Effect of reduction in tax rate	-	(87)	-	-
- Underprovision in prior years	353	263	-	-
	<u>643</u>	<u>38</u>	<u>-</u>	<u>-</u>
Income tax expense recognised in profit or loss	<u>2,201</u>	<u>1,352</u>	<u>7</u>	<u>5</u>

Reconciliation between tax expense and accounting profit

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Profit before tax	<u>8,859</u>	<u>6,158</u>	<u>96</u>	<u>1,218</u>
Taxation at 25% (2009: 25%)	1,715	1,539	24	304
Adjustments on tax effect of:				
- Reduction in tax rates	-	(91)	-	-
- Non-deductible expenses	277	179	5	-
- Non-taxable income	(57)	(19)	(57)	(304)
- Expenses qualifying for double deduction	-	(4)	-	-
- Utilisation of re-investment allowances	(466)	(740)	-	-
Deferred tax asset not recognised				
unabsorbed capital allowances	373	220	28	-
Underprovision of current tax in prior years	6	5	7	5
Underprovision of deferred tax in prior years	353	263	-	-
Tax expense for the year	<u>2,201</u>	<u>1,352</u>	<u>7</u>	<u>5</u>



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

11 Income tax expense (continued)

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

	Group		Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	2,677	1,830	-	-
Unabsorbed capital allowances	2,665	1,438	-	-
Unabsorbed reinvestment allowances	20,219	22,360	-	-
	<u>25,561</u>	<u>25,628</u>	<u>-</u>	<u>-</u>

12 Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are the same as that of the basic earnings per share as there are no dilutive potential ordinary shares outstanding during the financial year.

	Group	
	2010	2009
Profit for the year attributable to owners of the parent (RM'000)	<u>4,589</u>	<u>4,605</u>
Weighted average number of ordinary share in issue ('000)	<u>75,251</u>	<u>75,251</u>
Basic and diluted earnings per share (sen)	<u>6.1</u>	<u>6.1</u>

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

13. Property, plant and equipment

	Leasehold land RM'000	Factory buildings RM'000	Plant and machinery RM'000	Other assets RM'000	Total RM'000
Group					
Cost					
At 1 January 2009:					
- Originally reported	-	36,116	90,540	9,376	136,032
- Effect of amendment to FRS 117 Leases	11,768	-	-	-	11,768
- Restated	11,768	36,116	90,540	9,376	147,800
Additions	-	90	6,514	505	7,109
Disposals	-	-	(677)	(883)	(1,560)
At 31 December 2009	11,768	36,206	96,377	8,998	153,349
Additions	-	1,961	7,023	740	9,724
Disposals	-	-	(942)	(856)	(1,798)
At 31 December 2010	11,768	38,167	102,458	8,882	161,275
Accumulated depreciation					
At 1 January 2009:					
- Originally reported	-	7,807	48,401	7,258	63,466
- Effect of amendment to FRS 117 Leases	1,262	-	-	-	1,262
- Restated	1,262	7,807	48,401	7,258	64,728
Charge for the year (Note 8)	133	1,076	4,643	640	6,492
Disposals	-	-	(576)	(715)	(1,291)
At 31 December 2009	1,395	8,883	52,468	7,183	69,929
Charge for the year (Note 8)	133	1,004	5,123	624	6,884
Disposals	-	-	(919)	(813)	(1,732)
At 31 December 2010	1,528	9,887	56,672	6,994	75,081
Carrying amount					
At 1 January 2009	10,506	28,309	42,139	2,118	83,072
At 31 December 2009	10,373	27,323	43,909	1,815	83,420
At 31 December 2010	10,240	28,280	45,786	1,888	86,194

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

(b) The factory buildings and certain plant and equipment are pledged to secure bank borrowings as disclosed in Note 23.



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

13. Property, plant and equipment (continued)

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

	2010 RM'000	2009 RM'000
Cash	6,806	3,349
Lease financing	2,918	3,760
	<u>9,724</u>	<u>7,109</u>

(d) The carrying amount of property, plant and equipment being acquired under instalment payment plans amounts to RM11,018,000 (2009: RM11,911,000)

14. Land use rights

	31.12.2010 RM'000	Group 31.12.2009 RM'000 (restated)	1.1.2009 RM'000 (restated)
Cost			
At 1 January:			
- Originally reported	4,596	16,364	16,364
- Effect of amendment to FRS 117 Leases	-	(11,768)	(11,768)
At 31 December	<u>4,596</u>	<u>4,596</u>	<u>4,596</u>
Accumulated amortisation			
At 1 January:			
- Originally reported	759	1,910	1,688
- Effect of amendment to FRS 117 Leases	-	(1,262)	(1,151)
- Restated	759	648	537
Amortised during the year	111	111	111
At 31 December	<u>870</u>	<u>759</u>	<u>648</u>
Carrying amount	<u>3,726</u>	<u>3,837</u>	<u>3,948</u>

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

14. Land use rights (continued)

	31.12.2010 RM'000	Group 31.12.2009 RM'000	1.1.2009 RM'000
Amount to be amortised:			
- Not later than one year	111	111	111
- Later than one year but not later than 5 years	442	442	442
- Later than 5 years	3,173	3,284	3,395

The above properties are pledged to secure bank borrowings as referred to in Note 23.

15. Investment in subsidiaries

	Company 31.12.2010 RM'000	31.12.2009 RM'000
Unquoted shares at cost	75,585	75,585

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

Name of subsidiaries	Principal activities	Proportion of ownership interest	
		2010	2009
Ormapaper Industry (M) Sdn. Bhd.	Manufacturing and sale of corrugated boards and carton boxes	100%	100%
Ormapaper Industry (Batu Pahat) Sdn. Bhd.	Manufacturing and sale of carton boxes	100%	100%
Ormapaper Industry (Perak) Sdn. Bhd.	Manufacturing and sale of corrugated boards and carton boxes	100%	100%
Quantum Rhythm Sdn. Bhd. #	Manufacturing and sale of carton boxes	100%	-
Tripack Packaging (M) Sdn. Bhd. #	Manufacturing and sale of carton boxes	100%	100%
Ormapaper Industry (Johor) Sdn. Bhd. #	Manufacturing and sale of carton boxes	80%	80%

Not audited by Ernst & Young



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

15. Investment in subsidiaries (continued)

Acquisition of subsidiary

On 29 March 2010, the Company acquired 100% equity interest in Quantum Rhythm Sdn. Bhd. ("QRSB") for a cash consideration of RM1 for each ordinary share or total consideration of RM2. Upon the acquisition, QRSB became a subsidiary of the Company. QRSB, an unlisted company incorporated in Malaysia, is involved in the manufacturing of carton boxes.

16. Goodwill

Impairment tests for goodwill

Goodwill arising from business combinations has been allocated to two individual CGU identified according to the subsidiaries for impairment testing, the carrying amount of which are as follows:

	Group	
	31.12.2010	31.12.2009
	RM'000	RM'000
Omapaper Industry (Perak) Sdn. Bhd. ("OIP")	1,574	1,574
Omapaper Industry (Johor) Sdn. Bhd. ("OIJ")	59	59
	<u>1,633</u>	<u>1,633</u>

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 pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the five-year period are as follows:

	OIP		OIJ	
	2010	2009	2010	2009
Growth rate	1%	1%	1%	1%
Pre-tax discount rate	9%	8%	9%	8%

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Budgeted gross margins - Gross margins are based on average values achieved in the three years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements.

Growth rates - The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

16. Goodwill (continued)

Pre-tax discount rates – Discount rates reflect the current market assessment of the risks specific to each CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each CGU, regard has been given to the yield on a ten-year government bond at the beginning of the budgeted year.

Market share assumptions – These assumptions are important because, as well as using industry data for growth rates (as noted above), management assesses how the CGU's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the electronics market to be stable over the budget period.

17. Investment securities

	Group 31.12.2010		Group 31.12.2009	
	Carrying amount RM'000	Market value RM'000	Carrying amount RM'000	Market value RM'000
Fair value through profit or loss *				
- Equity instruments (quoted in Malaysia)	9	9	19	9
Available-for-sale financial assets **				
- Equity instruments (unquoted)	235	-	235	-
Total investment securities	<u>244</u>		<u>254</u>	

* Prior to 1 January 2010, the current investments were carried at cost less accumulated impairment losses, if any.

** These investments continue to be carried at cost less accumulated impairment losses, if any.

18. Inventories

	Group	
	31.12.2010 RM'000	31.12.2009 RM'000
At cost :		
Raw materials and consumables	21,585	21,130
Work-in-progress	124	146
Finished goods	1,946	1,858
	<u>23,655</u>	<u>23,134</u>



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

19. Trade and other receivables

	Group		Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Third parties	59,576	66,886	-	-
Allowance for impairment	(5,557)	(5,725)	-	-
Trade receivables, net	54,019	61,161	-	-
Other receivables				
Third parties	4,863	2,946	-	-
Subsidiaries	-	-	10,778	10,718
Sundry deposits	250	168	2	13
	5,113	3,114	10,780	10,731
Allowance for impairment - Third parties	(458)	(5)	-	-
Other receivables, net	4,655	3,109	10,780	10,731
Total trade and other receivables	58,674	64,270	10,780	10,731
Total trade and other receivables	58,674	64,270	10,780	10,731
Add: Cash and bank balances (Note 20)	12,545	13,565	215	260
Total loans and receivables	71,219	77,835	10,995	10,991

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 (2009: 30 to 120) days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Overdue interest of 0.50% to 1.50% (2009: 0.50% to 1.50%) per month is charged on certain amounts exceeding credit terms.

Ageing analysis of trade receivables

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

	Group	
	31.12.2010	31.12.2009
	RM'000	RM'000
Neither past due nor impaired	40,164	34,650
1 to 30 days past due not impaired	3,856	4,404
31 to 60 days past due not impaired	1,266	2,199
More than 61 days past due not impaired	2,800	19,908
	7,922	26,511
Impaired	11,490	5,725
	59,576	66,886

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

19. Trade and other receivables (continued)

(a) Trade receivables (continued)

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM7,922,000 (2009: RM26,115,000) that are past due at the reporting date but not impaired. These receivables are active accounts which the management considers to be recoverable.

Receivables that are impaired

The Group's trade receivables that are individually impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	31.12.2010	31.12.2009
	RM'000	RM'000
Trade receivables - nominal amounts	11,490	5,725
Less: Allowance for impairment	(5,557)	(5,725)
	<u>5,933</u>	<u>-</u>
Movement in allowance accounts:		
	Group	
	31.12.2010	31.12.2009
	RM'000	RM'000
At 1 January	5,725	5,189
Effect of adopting FRS 139 [Note 2.2(c)]	2,860	-
Charge for the year (Note 8)	410	746
Reversal of impairment losses	(276)	(11)
Written off against trade debtors	(3,162)	(199)
At 31 December	<u>5,557</u>	<u>5,725</u>

Trade receivables that are determined to be individually impaired at the reporting date relate to those debtors that are in significant financial difficulties and/or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

19. Trade and other receivables (continued)

(b) Other receivables

Subsidiaries

Amounts due from subsidiaries are unsecured and repayable on demand.

Other receivables that are impaired

The Group's other receivables that are individually impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	31.12.2010 RM'000	31.12.2009 RM'000
Other receivables - nominal amounts	1,373	1,757
Less: Allowance for impairment	(458)	(5)
	<u>915</u>	<u>1,752</u>
Movement in allowance accounts:		
	31.12.2010 RM'000	31.12.2009 RM'000
At 1 January	5	5
Effect of adopting FRS 139	380	-
Charge for the year (Note 8)	78	-
Written off against other debtors	(5)	-
At 31 December	<u>458</u>	<u>5</u>

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

20. Cash and bank balances

	Group		Company	
	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
Cash on hand and at banks	12,279	13,306	215	260
Short term deposits with licensed banks	266	259	-	-
Cash and bank balances	<u>12,545</u>	<u>13,565</u>	<u>215</u>	<u>260</u>

Short term deposits are made for varying periods between 1 to 12 months depending on the immediate cash requirements of the Group and of the Company. The deposits earn interest at the respective short-term deposit rates. The weighted average effective interest rate at the balance sheet date for the Group was 2.6% (2009: 3.5%) per annum.

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

20. Cash and bank balances (continued)

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

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	12,545	13,565	215	260
Bank overdrafts (Note 23)	(3,086)	(5,215)	-	-
Cash and cash equivalents	<u>9,459</u>	<u>8,350</u>	<u>215</u>	<u>260</u>

21. Other current assets

	Group		Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Deposits for purchase of plant and equipment	1,185	-	-	-
Deposits for purchase of raw materials	607	-	-	-
Prepayments	1,933	378	10	-
	<u>3,725</u>	<u>378</u>	<u>10</u>	<u>-</u>

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

22. Assets held for sale

As at 31 December 2010, assets held for sale are as follows:

	31.12.2010	31.12.2009
	RM'000	RM'000
At carrying amount		
Plant and machinery	<u>440</u>	<u>-</u>

The Group has presented the above asset as held for sale which was disposed of to third parties on 21 January 2011.



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

23. Borrowings

		Group	
		31.12.2010 RM'000	31.12.2009 RM'000
Current	Maturity		
Secured:			
Bank overdrafts (Note 20)	On demand	3,086	5,215
Bankers' acceptances	2011	43,252	44,503
Trust receipts	2011	4,910	7,091
Term loans	2011	679	486
Finance lease payables (Note 31)	2011	1,910	2,615
		<u>53,837</u>	<u>59,910</u>
Non-current			
Secured:			
Term loans	2012 to 2015	2,546	2,413
Finance lease payables (Note 31)	2012 to 2015	3,557	3,726
		<u>6,103</u>	<u>6,139</u>
Total borrowings		<u>59,940</u>	<u>66,049</u>

The remaining maturities of the borrowings as at 31 December 2010 are as follows:

	Group	
	31.12.2010 RM'000	31.12.2009 RM'000
On demand or within one year	53,838	59,910
Later than one year and not later than 2 years	2,577	1,944
Later than 2 year and not later than 5 years	3,525	3,450
Later than 5 years	-	745
	<u>59,940</u>	<u>66,049</u>

(a) Bank overdrafts

Bank overdrafts are denominated in RM, bear interest on an average of 8.42% (2009:7.66%) per annum.

(b) Bankers' acceptance and trust receipts

These are used to finance purchases of the Company denominated in RM and are short term in nature. The weighted average effective interest rate is 3.09% to 4.27% (2009: 3.99% to 5.03%) per annum.

(c) Term loans

The loans are repayable over a period of 5 years. The weighted average effective interest rate is 7.5% to 7.55% (2009: 3.99% to 6.88%) per annum.

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

23. Borrowings (continued)

(d) Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 13). The average discount rate implicit in the leases is 3.52% (2009: 5.24%) per annum.

The borrowings are secured by the Group's factory buildings and certain other assets and a debenture covering fixed and floating charges over all the assets and properties as disclosed in Notes 13. The borrowings are additionally guaranteed by a director of a subsidiary and certain directors of the Company.

24. Trade and other payables

	Group		Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Third parties	17,932	15,702	-	-
Other payables				
Accrued operating expenses	3,317		8	-
Other payables	4,617	5,716	23	50
	7,934	5,716	31	50
Total trade and other payables	25,866	21,418	31	50
Total trade and other payables	25,866	21,418	31	50
Add: Borrowings (Note 23)	59,940	66,049	-	-
Total financial liabilities carried at amortised cost	85,806	87,467	31	50

(a) Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 120 (2009: 30 to 120) days terms.

(b) Other payables

Other payables are non-interest bearing and normally settled on an average of 6 (2009 : 6) months.



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

25. Deferred tax liabilities

	Group	
	31.12.2010	31.12.2009
	RM'000	RM'000
At 1 January	3,113	3,075
Effect of FRS139 adoption adjusted to opening retained earnings	(810)	-
Recognised in income statement (Note 11)	643	38
At 31 December	<u>2,946</u>	<u>3,113</u>

Deferred income tax relates to the following:

	At 1 January	Recognised in profit or loss	At 31 December
2010			
Deferred tax liabilities:			
Property, plant and equipment	<u>8,545</u>	<u>132</u>	<u>8,677</u>
Deferred tax assets:			
Unabsorbed capital allowances	(216)	(116)	(332)
Unabsorbed re-investment allowances	(5,217)	820	(4,397)
Others	1	(1,003)	(1,002)
	<u>(5,432)</u>	<u>(299)</u>	<u>(5,731)</u>
	<u>3,113</u>	<u>(167)</u>	<u>2,946</u>
2009			
Deferred tax liabilities:			
Property, plant and equipment	<u>8,287</u>	<u>258</u>	<u>8,545</u>
Deferred tax assets:			
Unabsorbed capital allowances	136	(352)	(216)
Unabsorbed reinvestment allowances	(5,349)	132	(5,217)
Others	1	-	1
	<u>(5,212)</u>	<u>(220)</u>	<u>(5,432)</u>
	<u>3,075</u>	<u>38</u>	<u>3,113</u>

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

25. Deferred tax liabilities (continued)

The following items were not recognised for deferred tax assets:

	Group		Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	2,788	1,848	111	-
Unabsorbed capital allowances	1,336	572	-	-
Unabsorbed reinvestment allowances	2,621	1,493	-	-
	<u>6,745</u>	<u>3,913</u>	<u>111</u>	<u>-</u>

26. Share capital

	Group		Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
			RM'000	RM'000
Authorised				
Shares of RM1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Issued and fully paid				
Ordinary shares of RM1 each	<u>75,251</u>	<u>75,251</u>	<u>75,251</u>	<u>75,251</u>

The holder of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

27. Share premium

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

28. Retained earnings

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

The Company has not elected for the single tier system and as at 31 December 2010, it has sufficient tax credits and tax exempt profits to frank dividends out of its entire retained earnings without incurring any additional tax liability.



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

29. Dividend

Group and Company

	2010 RM'000	2009 RM'000
In respect of financial year ended 31 December 2009: Interim tax exempt dividend of 1% on 75,250,601 ordinary shares (1.0 sen per ordinary share)	-	753

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

30. Related party disclosures

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
With subsidiaries				
Management fee charged to:				
- Ormapaper Industry (M) Sdn. Bhd.	-	-	146	140
- Ormapaper Industry (Perak) Sdn. Bhd.	-	-	50	50
- Ormapaper Industry (BP) Sdn. Bhd.	-	-	27	20
Net dividend received from:				
- Ormapaper Industry (M) Sdn. Bhd.	-	-	175	513
- Ormapaper Industry (Perak) Sdn. Bhd.	-	-	-	800
Commission paid to:				
- Ormapaper Industry (BP) Sdn. Bhd.	-	-	-	76
With other related parties				
Sales to:				
- Perfect Food Manufacturing (M) Sdn. Bhd.	2,400	1,699	-	-
- Greatbrand Food Industries Sdn. Bhd.	501	356	-	-

Other related parties are companies in which a director of the Company, Sai Chin Hock, has substantial financial interest.

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

30. Related party disclosures (continued)

(b) Compensation of key management personnel

	Group		Company	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	170	102	-	-
Defined contribution plans	20	12	-	-
	<u>190</u>	<u>114</u>	<u>-</u>	<u>-</u>

31. Commitments

(a) Capital commitments

	Group	
	31.12.2010	31.12.2009
	RM'000	RM'000
Capital expenditure approved and contracted for:		
- Property, plant and equipment	<u>1,772</u>	<u>-</u>

(b) Finance lease commitments

The Company has finance leases for certain items of motor vehicles, office equipment and plant and machinery (Note 13). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	31.12.2010	31.12.2009
	RM'000	RM'000
Minimum lease payments :		
Not later than one year	2,200	2,950
Later than one year and not later than 2 years	2,238	1,566
Later than 2 years and not later than 5 years	<u>1,589</u>	<u>2,549</u>
	6,027	7,065
Less: Amounts representing future finance charges	<u>(560)</u>	<u>(724)</u>
	<u>5,467</u>	<u>6,341</u>



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

31. Commitments (continued)

(b) Finance lease commitments (continued)

	Group	
	31.12.2010	31.12.2009
	RM'000	RM'000
Present value of finance lease payables :		
Not later than one year	1,910	2,615
Later than one year and not later than 2 years	1,885	1,360
Later than 2 years and not later than 5 years	1,672	2,366
	<u>5,467</u>	<u>6,341</u>
Less: Amount due within 12 months (Note 23)	(1,910)	(2,615)
Amount due after 12 months (Note 23)	<u>3,557</u>	<u>3,726</u>

32. Operating lease arrangements

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

	Group	
	31.12.2010	31.12.2009
	RM'000	RM'000
Not later than one year	73	94
Later than one year but not later than 2 years	28	38
	<u>101</u>	<u>132</u>

33. Contingent liabilities

	Company	
	31.12.2010	31.12.2009
	RM'000	RM'000
Unsecured corporate guarantees given to bank for credit facilities granted to subsidiaries	-	92,676

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

34. Fair value of financial instruments

- a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	31.12.2010		31.12.2009	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Investment securities				
- Quoted equity instruments	-	-	19,400	9,160
- Unquoted equity instruments	235,000	*	235,000	*

* Fair value information for these investments has not been disclosed as they represent ordinary shares that are not quoted on any active market.

- b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	19
Borrowings	23
Trade and other payables	24

The carrying amounts of the trade and other receivables and payables are reasonable approximation of their fair values due to their relatively short maturity periods.

The carrying amounts of borrowings are reasonable approximation of their fair values as the interest charge on these borrowings are pegged to, or close to, market interest rates near or at reporting date.

35. Financial risk management objectives and policies

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

The Board of Directors reviews and agrees policies and procedures for the management of these risks.



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

35. Financial risk management objectives and policies (continued)

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting and there are no outstanding hedging instruments at reporting date.

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The relevant operating unit, the Group does not offer credit terms without the approval of the directors.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, with positive fair values and a nominal amount of RM51,162,000 relating to a corporate guarantee provided by the Company to a bank on subsidiaries bank loans.

Information regarding credit risk management for trade and other receivables is disclosed in Note 19(a).

Credit risk concentration profile

At the reporting date, approximately 24% (2009: 23%) of the Group's gross trade receivables were due from 2 (2009: 2) customers totalling RM12,484,271 (2009: RM14,004,709).

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19(a).

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

35. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19(a).

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the 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 at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities and collection from customers.

Analysis of financial instruments by remaining contractual maturities

Group	On demand or within one year RM'000	One to five years RM'000	Total as at 31.12.2010 RM'000
Trade and other payables	25,866	-	25,866
Borrowings	54,127	6,373	60,500
Total undiscounted financial liabilities	79,993	6,373	86,366
Company			
Trade and other payables *	31	-	31
Total undiscounted financial liabilities	31	-	31

* As the reporting date, the counterparty to the financial guarantee does not have a right to demand cash repayment as the default has not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

35. Financial risk management objectives and policies (continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from interest-bearing borrowings. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings and actively review its debt portfolio taking into account the investment holding period and nature of its assets.

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

Sensitivity analysis for interest rate risk

Based on the utilisation of floating rate loans and borrowings throughout the reporting period, if interest rates had been 50 basis point lower (or higher), with all other variables held constant, the Group's profit before tax would have been RM315,000 higher (or lower), arising mainly as a result of lower (or higher) interest expense that would have been incurred. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily respective through sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollars ("USD") and Singapore Dollars ("SGD") and Euro. Such transactions are kept to an acceptable level.

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

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

35. Financial risk management objectives and policies (continued)

(d) Foreign currency risk (continued)

	Net financial assets/(liabilities) held in non-functional currency		
	SGD RM'000	USD RM'000	Total RM'000
At 31 December 2010			
Trade and other receivables	123	554	677
Trade and other payables	-	(362)	(362)
	<u>123</u>	<u>192</u>	<u>315</u>
At 31 December 2009			
Trade and other receivables	131	471	602
Trade and other payables	-	(82)	(82)
	<u>131</u>	<u>389</u>	<u>520</u>

Sensitivity analysis for foreign currency risk

The following table illustrates the hypothetical sensitivity of the Group's profit before tax to a reasonably possible change in the USD and SGD exchange rates at the reporting date against RM, assuming all other variables remain unchanged.

	Increase/(decrease)	
	2010 RM'000	2009 RM'000
USD strengthened by 5% (2009: 5%)	12	18
USD weakened by 5% (2009: 5%)	(12)	(18)
SGD strengthened by 5% (2009: 5%)	(5)	(5)
SGD weakened by 5% (2009: 5%)	5	5

36. Capital management

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



Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

36. Capital management (continued)

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within acceptable levels. The Group includes within net debt, borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to equity holders of the Group.

	Group	
	31.12.2010	31.12.2009
	RM'000	RM'000
Borrowings	59,940	66,049
Trade and other payables	25,866	21,418
Less: - Cash and bank balances	(12,545)	(13,565)
Net debt	73,261	73,902
Equity attributable to owners of the parent	101,763	99,615
Capital and net debt	175,024	173,517
Gearing ratio	42%	43%

37. Segment information

No segmental reporting is prepared as the Group is principally involved in the manufacturing and distribution of corrugated boards and carton boxes which are predominantly carried out in Malaysia.

38. Comparative figures

Certain comparative figures as at 31 December 2009 have been restated as a result of the change in accounting policy as disclosed in Note 2.2(d) and to conform with the current year's presentation:

	Originally reported RM'000	Adjusted RM'000	Reclassi- fied RM'000	Restated RM'000
Statement of financial position				
Property, plant and equipment	73,046	10,374	-	83,420
Land use rights	14,175	(10,374)	36	3,837
Trade and other receivables	61,161		3,109	64,270
Other current assets	3,523	-	(3,145)	378

Notes To The Financial Statements

(For The Financial Year Ended 31 December 2010)

38. Comparative figures (continued)

	Originally reported RM'000	Adjusted RM'000	Reclassi- fied RM'000	Restated RM'000
Statement of cash flows				
Amortisation and depreciation:				
- Property, plant and equipment	6,360	132	-	6,492
- Land use rights	243	(132)	-	111

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the directors on 22 April 2011.

40. Supplementary information – Breakdown of realised and unrealised retained earnings

The breakdown of the retained profits of the Group and of the Company as at 31 December 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group RM'000	Company RM'000
Total retained profits/(losses) of the Company and its subsidiaries		
- Realised	55,367	294
- Unrealised	(4,965)	-
	50,402	294
Less: Consolidation adjustments	(35,046)	-
Retained profits as per financial statements	15,356	294



List Of The Group Properties

As At 31 December 2010

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 31/12/2010 (RM'000)
OISEB(M)	M. S. (M) 455 to H. S. (M) 473 Lot PT2044 to PT4955 Mukim of Bachang, District of Melaka Tengah, Melaka	30,640	Leasehold 99 Years Expiring On 24/05/2094	Industrial		18-Jan-96	
OISEB(M)	H. S. (M) 471 to H. S. (M) 475 Lot PT-980 to PT4964 Mukim of Bachang, District of Melaka Tengah, Melaka	17,605	Leasehold 99 Years Expiring On 24/05/2094	Industrial	14	04-Mar-02	25.88
PKNM*	Lot PT 9-27 Kawasan Perindustrian Batu Barisan IV, Melaka Factory No. 8995, Kawasan Perindustrian Batu Barisan (Phase IV) (Teras Perindustrian Batu Barisan), Batu Barisan, Melaka	2,222	Leasehold 99 Years Expiring On 20/04/2103	Industrial (Former Service Road)		01-Aug-02	
OISEB(P)	H. S. (D) 42008 Lot No. PLO 271 (P11039206), Mukim of Simpang Kanan, District of Batu Pahat, Johor Darul Takzim Factory No. PLO 271, Jalan Kawasan Perindustrian 3rd Gending, 83308 Batu Pahat, Johor Darul Takzim	20,495	Leasehold 80 Years Expiring On 10/07/2080	Industrial	13	27-Oct-97	4,504
OISEB(PERAK)	H. S. (D) 10127, H.S. (D) 10130 To H. S. (D) 10135 Lot PT 8052, PT 8054 to PT 8056 Mukim of Hulu Kinta, District of Kinta, State of Perak Factory No. PLO 9, Persiaran Perindustrian Kanchan 2, Industrial Estate, 31200 Chemor Perak Darul Ridzuan	42,600	Leasehold 99 Years Expiring On 21/2051	Industrial	20	25-May-90	7,100
TPSB	H. S. (M) 473 Lot PT 67 Mukim of Bukit Kalit, District of Melaka Tengah, State of Melaka Factory No. 125, Ayer Keroh Industrial Estate, Ayer Keroh, 75450 Melaka	10,894	Leasehold 99 Years Expiring On 7/12/2075	Industrial	31	19-Jun-00	4,819
OISEB(JOH-OR)	H. S. (M) 236151 Lot PTD 113285 Mukim of Plerong, District of Johor Bahru, State of Johor Factory No. 35, Jalan Concordia 16, Tereng Perindustrian Koto Pulak, 81750 Masai, Johor	6,070	Leasehold 80 Years Expiring On 10/07/2056	Industrial	4	14-Mar-02	2,313

Notes: OISEB(M) - Ormapaper Industry (M) Sdn. Bhd.
OISEB(P) - Ormapaper Industry (Batu Pahat) Sdn. Bhd.
OISEB(PERAK) - Ormapaper Industry (Perak) Sdn. Bhd.
TPSB - Tripack Packaging (M) Sdn. Bhd.
OISEB (JOH-OR) - Ormapaper Industry (Johor) Sdn. Bhd.
PKNM - Perbadanan Kemajuan Negeri Melaka
* OISEB(M) had purchased the land from PKNM as Sale and Purchase agreement Dated 01/06/2003

Analysis Of Shareholdings

As At 13 May 2011

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	10	0.54	445	0.00
100 to 1,000	354	19.12	334,105	0.44
1,001 to 10,000	1,001	54.08	5,084,914	6.76
10,001 to 100,000	421	22.75	13,885,804	18.45
100,001 to 3,762,529	62	3.35	21,667,555	28.80
3,762,530 and above	3	0.16	34,277,778	45.55
	1,851	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	11,468,845	15.24	-	-
Lim Tau Lih	4,174,045	5.55	-	-
Ang Kwee Teng	10,000	-	18,634,888	24.76
See Wan Seng	-	-	18,634,888	24.76
Sai Chin Hock	846,400	1.12	# 22,305,798	29.64

3. DIRECTORS' SHAREHOLDINGS

(Based on the Register of Directors' Shareholdings)

Name	No. of Shares	%	No. of Shares	%
Acillah binti Ahmad Nordin	34,000	0.05	-	-
Ang Kwee Teng	10,000	0.01	18,634,888 *	24.76
Azhar bin Nayan	25,000	0.03	-	-
Sai Chin Hock	846,400	1.12	22,305,798 #	29.64
See Wan Seng	-	-	18,634,888 *	24.76
Siow Kee Yen	230,500	0.31	-	-

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 Hong, a substantial shareholder of Pilihan Sistemik Sdn Bhd and by virtue of his substantial shareholdings in Intisari Delima Sdn Bhd



Analysis Of Shareholdings

As At 13 May 2011

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

Name of Shareholders	No. of Shares Hold	%
1. INTISARI DELIMA SDN BHD	18,634,886	24.76
2. LEMBAGA TABUNG HAJI	11,468,845	15.24
3. LIM TAU LIH	4,174,045	5.55
4. SAI SEAK CHYUAN	2,568,586	3.41
5. LAU CHEE WEN	1,807,500	2.40
6. KUAH SAY CHONG	1,339,000	1.78
7. GRANDEUR LAND SDN BHD	1,000,000	1.33
8. YANG, WEI-CHEN	990,489	1.32
9. SUPERIOR RAINBOW SDN BHD	931,500	1.24
10. SAI CHIN HOCK	846,400	1.12
11. JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HON MENG HENG (MARGIN)	710,100	0.94
12. SAI SEAK CHYUAN	643,000	0.85
13. SIANG TECK SIONG	634,800	0.85
14. MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SWE AMIN @ SWI AH MIN	460,900	0.61
15. PILIHAN SISTEMATIK SDN BHD	459,324	0.61
16. LO YOON NIEN	424,100	0.56
17. GOH CHOON HONG	424,000	0.56
18. RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FOO KAI SENG	319,900	0.43
19. LEE WEI GIA	300,000	0.40
20. LIM HUEY TIEN	300,000	0.40
21. ONG BOH LEE	294,000	0.39
22. GOH YU TIAN	289,100	0.38
23. KHOO KIM KAI	252,500	0.34
24. KOO BOON LONG	232,900	0.31
25. CHIN HUI FONG	227,000	0.30
26. SIOW KEE YEN	225,500	0.30
27. THEN FOOK KHIAN	224,000	0.30
28. DOI LENG HWA	215,000	0.29
29. CHIN LIAN FOON	211,000	0.28
30. HUANG, CHIEN-YI	200,000	0.27

Total	50,808,477	67.52
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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 Ninth Annual General Meeting of the Company to be held at the Meeting Room 1 of Holiday Inn Melaka, Jalan Syed Abdul Aziz, 75000 Melaka on Wednesday, 29 June 2011 at 10.30 a.m. and at any adjournment thereof.

No.	Resolution
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and the Auditors thereon.

No.	Resolutions	For	Against
2.	To approve the payment of Directors' Fees for the financial year ended 31 December 2010.		
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 Puan Adillah binti Ahmad Nordin who retires pursuant to Article 92 of the Company's Articles of Association.		
5.	To re-elect Mr. Siow Kee Yen who retires pursuant to Article 92 of the Company's Articles of Association.		
6.	To re-appoint 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.		
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 _____ 2011.

Signature of Member/Common Seal

Notes:

1. In respect of deposited security, only members whose names appear in the Record of Depositors on 27 June 2011 ("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

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