

MALAYSIA PACKAGING INDUSTRY BHD



ANNUAL REPORT 2009

CONTENTS

2-4
Notice of Annual
General Meeting

4
Statement Accompanying
Notice of Annual
General Meeting

5
Corporate Information

6
Five-Year Financial Highlights

7
Board of Directors

8-9
Profile of Directors

10-11
Chairman's Statement

12-14
Audit Committee Report

15-16
Statement on Internal Control

17-23
Corporate Governance Statement

24
Corporate Social Responsibility Statement

25-63
Financial Statements

64
Analysis of Shareholding

65
List of Thirty Largest Shareholders

66
Properties

67 Form of Proxy

NOTICE OF ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN that the Thirty-fifth Annual General Meeting of the Company will be held at **6½ Mile, Simpang Salak South Baru, (Lot 3, Jalan Kuchai Lama), 58200 Kuala Lumpur on Monday, 21 June 2010 at 10:00 a.m.** for the following purposes:

1. To receive and adopt the Report of the Directors and the Audited Financial Statements for the financial year ended 31 December 2009 and the Report of the Auditors thereon. **Resolution 1**
2. To approve the payment of Directors' Fees of RM111,000.00 for the financial year ended 31 December 2009. **Resolution 2**
3. To re-elect directors:
 - (a) In accordance with Article 87 of the Company's Articles of Association, Datuk Sulaiman Bin Daud retires by rotation and, being eligible, offers himself for re-election. **Resolution 3**
 - (b) In accordance with Article 89 of the Company's Articles of Association, the following Directors retire and, being eligible, offer themselves for re-election:
 - (i) Mr. Yoshiki Miyatani **Resolution 4**
 - (ii) Mr. Hiroshi Amano **Resolution 5**
 - (iii) Mr. Hayato Kashiwagi **Resolution 6**
4. To re-appoint Ernst & Young as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 7**

AS SPECIAL BUSINESS

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

5. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT approval be and is hereby given to Malaysia Packaging Industry Berhad ("Maypak") to renew the Shareholders' Mandate for the Recurrent Related Party Transactions ("RRPT") of a revenue or trading nature with the Related Parties as stated below and as set out in Section 2.1.2 of the Circular to Shareholders dated 29 May 2010 which are necessary in the ordinary course of business and for Maypak's day-to-day operations and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders of the Company:

- i) DIC CORPORATION AND ITS SUBSIDIARIES ("DIC GROUP") for the purchase of raw materials by Maypak. **Resolution 8**
- ii) TOYO SEIKAN KAISHA, LTD. AND ITS SUBSIDIARIES ("TSK GROUP") for the purchase of raw materials, sales of packaging materials by Maypak and technical fee payable by Maypak **Resolution 9**



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

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at the next AGM, the mandate is again renewed; or
- ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("The Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of The Act); or
- iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier;

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

6. **PROPOSED SHAREHOLDERS' MANDATE FOR NEW RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** *Resolution10*

"THAT approval be and is hereby given to Malaysia Packaging Industry Berhad ("Maypak") to enter into new Recurrent Related Party Transactions ("RRPT") of a revenue or trading nature with TOYO SEIKAN KAISHA, LTD. AND ITS SUBSIDIARIES ("TSK GROUP") for the purchase of manufactured products by Maypak for resale purpose, purchase of equipment and machineries by Maypak and royalty payable by Maypak for the use of manufacturing know-how as stated in Section 2.1.2 of the Circular to Shareholders dated 29 May 2010 which are necessary in the ordinary course of business and for Maypak's day-to-day operations and are on normal commercial terms which are not more favourable to the TSK GROUP than those generally available to the public and not detrimental to the minority shareholders of the Company.

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

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at the next AGM, the mandate is again renewed; or
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("The Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of The Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier;

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

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

By Order of the Board
Winnie Chok Kwee Wah (MACS 00550)
Leong Mee Lee (LS 0001836)
Secretaries

Kuala Lumpur
29 May 2010



Notes:

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

EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution Nos. 8, 9 and 10

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

The proposed Ordinary Resolution Nos. 8, 9 and 10, if passed, will empower the Company to enter into recurrent related party transactions of a revenue or trading nature which are necessary in the ordinary course of business and for the Company's day to day operations, subject to the transactions made at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

STATEMENT ACCOMPANYING
NOTICE OF
ANNUAL GENERAL MEETING



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

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

2. Details of the Directors' Interests in the Company

Details of the Directors' shareholdings are outlined on page 64 of the Annual Report.



DIRECTORS

Chairman (Independent)
Managing Director/CEO (Non-Independent)
Non Executive Director (Independent)
Non Executive Director (Non-Independent)

: Datuk Sulaiman Bin Daud
: Yoshiki Miyatani (appointed on 1 July 2009)
: Ho Chee Siong
: Kazuhisa Kobayashi
Hiroshi Amano (appointed on 1 July 2009)
Hayato Kashiwagi (appointed on 1 July 2009)

BANKERS

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

HOMEPAGE

<http://www.maypak.com>

AUDITORS

Ernst & Young (AF:0039)
Level 23A, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
50490 Kuala Lumpur.
(P.O.Box 11040, 50734 Kuala Lumpur.)

REGISTRAR

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

COMPANY SECRETARIES

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

STOCK EXCHANGE LISTING

Main Market, Bursa Malaysia Securities Berhad

REGISTERED OFFICE

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

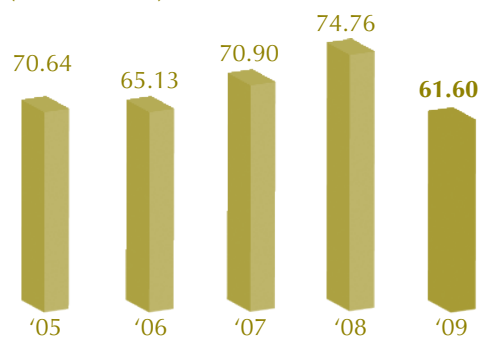
CERTIFIED MANAGEMENT SYSTEM

MS ISO 9001 : 2008
MS ISO 14001 : 2004

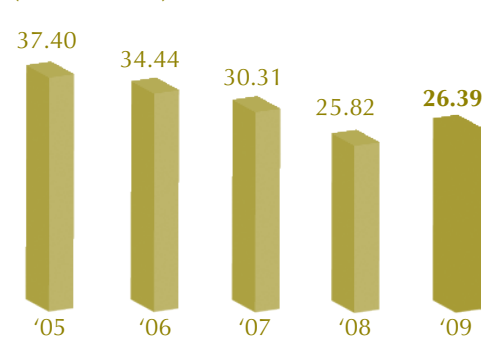
5 YEARS FINANCIAL HIGHLIGHTS



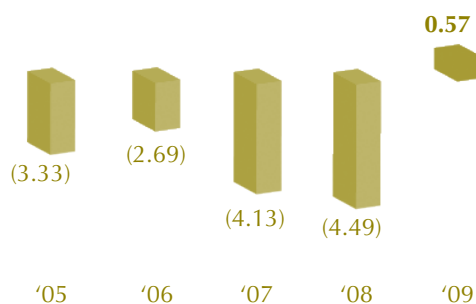
**REVENUE
(RM MILLION)**



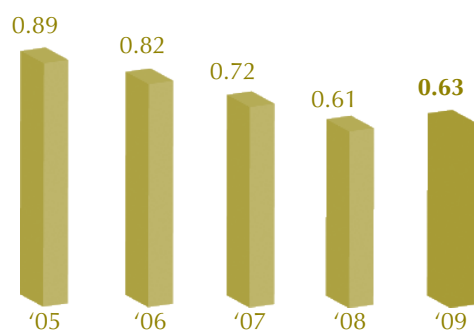
**SHAREHOLDERS' FUND
(RM MILLION)**



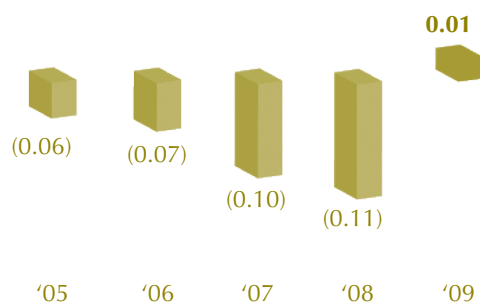
**PROFIT/(LOSS) BEFORE TAXATION
(RM MILLION)**



**NET ASSETS PER SHARE
(RM)**



**PROFIT/(LOSS) PER SHARE
(RM)**



BOARD OF DIRECTORS



1. **Datuk Sulaiman Bin Daud**
(Chairman, Independent Non-Executive Director)
2. **Mr. Yoshiki Miyatani**
(Managing Director/ Chief Executive Officer, Non-Independent Executive Director)
3. **Mr. Ho Chee Siong**
(Independent Non-Executive Director)
4. **Mr. Kazuhisa Kobayashi**
(Non-Independent Non-Executive Director)
5. **Mr. Hiroshi Amano**
(Non-Independent Non-Executive Director)
6. **Mr. Hayato Kashiwagi**
(Non-Independent Non-Executive Director)





DATUK SULAIMAN BIN DAUD

Independent Non-Executive Director, Malaysian, aged 63.

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

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

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

Datuk Sulaiman is a director in Konsortium Transnasional Berhad, Pharmaniaga Berhad and Silverlake Axis Ltd (Singapore). He is also director and chairman of a number of private companies in Malaysia and abroad in various industries.

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

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

MR. YOSHIKI MIYATANI

Non-Independent Executive Director, Japanese, aged 52

Mr. Yoshiki Miyatani was appointed to the Board as Managing Director/Chief Executive Officer on 1 July 2009. He first joined the Company in June 2006 as Chief Financial Officer. He is a member of the Remuneration Committee of the Company.

He graduated with a Bachelor Degree in Business Administration from Meiji University, Japan in 1981.

He joined Toyo Seikan Kaisha, Ltd in 1981 and began his career in the Distribution Department, Sendai Plant and has held various positions within Toyo Seikan Group of Companies.

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

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

MR. HO CHEE SIONG

Independent Non-Executive Director, Malaysian, aged 44

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

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

He is also an Independent Non-Executive Director of Kzen Solutions Berhad.

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

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

On 28 January 2010, Mr Ho was issued a public reprimand and fine for the breach of paragraph 16.11(b) of the Listing Requirements of Bursa Malaysia Securities Berhad for the delay on submission of financial statements of Axis Incorporation Berhad.



MR. HIROSHI AMANO

Non-Independent Non-Executive Director, Japanese, aged 49.

Mr. Amano was appointed to the Board on 1st July 2009. He is a member of the Nomination Committee and Chairman of Remuneration Committee of the Company.

Mr. Amano graduated from the Department of Economics, Sophia University, Japan in 1983.

He joined Ajinomoto Co., Inc Japan in 1983 and began his career with the Hiroshima branch Yamaguchi Sales Office and has held various positions in Japan and Overseas within the Ajinomoto Group of Companies.

Mr. Amano is the Managing Director/ Chief Executive Officer of Ajinomoto (Malaysia) Berhad.

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

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

MR. HAYATO KASHIWAGI

Non-Independent Non-Executive Director Japanese, aged 33.

Mr. Hayato Kashiwagi was appointed to the Board on 1 July 2009. He is a member of the Remuneration and Nomination Committee of the Company.

He graduated with a Bachelor Degree in Commerce, Doshisha University, Japan in 1999.

He joined DIC Corporation, Japan in 1999 and began his career with the International division and has held various positions in Japan and overseas within the DIC Group of Companies.

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

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

MR. KAZUHISA KOBAYASHI

Non-Independent Non-Executive Director, Japanese, aged 56

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

He is a graduate of the Law Faculty, Rikkyo University, Japan in 1977.

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

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

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

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



On behalf of the Board of Directors, I am pleased to present to the shareholders, the Annual Report of the Company for the financial year ended 31 December 2009.

COMPANY'S PERFORMANCE

The Company successfully recorded positive result in 2009 with a profit of RM0.6 million despite an 18% reduction in turnover compared to 2008. This was achieved through a change in production processes and improved operation control that led to higher efficiency in production cost and further complemented by foreign exchange translation gain. The encouraging sales of new product range in the year also contributed to the improved financial performance.

CORPORATE DEVELOPMENTS

The Company recognizes the importance of customers' satisfaction. As such, efforts on improving the production facilities and processes that can contribute to quality improvement and cost efficiency will continue to be strengthened in the year ahead. In addition, these improvement efforts are to complement and support the development and sale of the new product.

PROSPECTS

The global economy although showing some indication of recovery remains challenging for businesses. Nevertheless, the Company will keep up its efforts on market expansion and development of its new product.



DIRECTORATE

The Board extends a warm welcome to Mr. Hiroshi Amano and Mr. Hayato Kashiwagi who succeed Mr. Mitsunobu Suzumi and Mr. Mitsuo Kondo respectively.

The Board wishes to congratulate Mr. Yoshiki Miyatani on his promotion as Managing Director cum Chief Executive Officer to succeed Mr. Manabu Watanabe.

The Board also wishes to thank and record its appreciation to all the outgoing directors for their invaluable contributions, cooperation and commitment with the Board.

ACKNOWLEDGEMENT

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

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

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

DATUK SULAIMAN BIN DAUD
CHAIRMAN
12 April 2010



Members of the Audit Committee in the financial year ended 31 December 2009 are as follow:-

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

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

MEMBERSHIP

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

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

At least one member of the Committee shall be:

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

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

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



MEETINGS AND MINUTES

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

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

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

AUTHORITY

The Committee is authorised by the Board:

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

FUNCTIONS

The Committee shall undertake the following responsibilities and duties:

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



SUMMARY OF ACTIVITIES

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

	Name of Member	Attendance
1	Ho Chee Siong (Chairman)	5/5
2	Datuk Sulaiman Bin Daud	5/5
3	Kazuhisa Kobayashi	5/5

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

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

INTERNAL AUDIT

The Company's Internal Audit function, which is outsourced to a professional service firm, is an integral part of the assurance mechanism in ensuring that the Company systems of internal controls are adequate and effective. The Internal Audit function reports directly to the Audit Committee.

On an annual basis, an internal audit plan is tabled to the Audit Committee for review and approval, and the Internal Audit function executes the audits based on the approved plan. The results of the audit reviews are periodically reported to the Audit Committee. In addition, the Internal Audit function carries out follow up reviews to ensure that previously reported issues have been adequately addressed by Management and the results of such reviews are also periodically reported to the Audit Committee. Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report.

The total costs incurred for the outsourcing of the Internal Audit function for the financial year ended 31 December 2009 was RM44,306.40.

STATEMENT ON INTERNAL CONTROL



INTRODUCTION

Pursuant to paragraph 15.26 (b) of the Main Market's Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Bursa Malaysia's Statement on Internal Control: Guidance for Directors of Public Listed Companies ("the Guidance"), the Board of Directors ("the Board") of Malaysia Packaging Industry Berhad is pleased to include a statement on the state of the Company's internal control for the financial year ended 31 December 2009 in this annual report.

BOARD'S RESPONSIBILITIES

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

Therefore, such internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

Risk Management is regarded by the Board to be an integral part of the business operations. Key management staff and Heads of Department are delegated with the responsibility to manage identified risks within defined parameters and standards. Periodic management meetings, attended by the Directors are held to discuss key risks and the appropriate mitigating controls. Significant risks affecting the Company's strategic and business plans are escalated to the Board at their scheduled meetings.

The Risk Management Committee, comprising key management staff, meets monthly to review the risks faced by the Company and ensure that the existing mitigation actions are adequate. Risks identified were prioritized in terms of likelihood of occurrence and impact on the achievement of the Company's business objectives. The activities of the Risk Management Committee during the financial year ended 31 December 2009 were tabled to the Audit Committee on 23 November 2009.

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

INTERNAL AUDIT

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

During the financial year ended 31 December 2009, the internal audit function carried out audit reviews in accordance with the internal audit plan approved by the Audit Committee. The results of the internal audit reviews and the recommendations for improvement were presented to the Audit Committee at their quarterly meetings.

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



OTHER KEY FEATURES OF THE COMPANY'S INTERNAL CONTROL SYSTEM

- Organisation Structure & Authorisation Procedures

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

- Periodical and/or Annual Budget

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

- Regular operational and management meetings

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

- Company Policies and Procedures

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

- Human Resource Policy

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

- ISO certification

Certain of the Company's operations are ISO 9001:2008 and ISO14000:2004 certified. With such certifications, audits are conducted by external parties periodically to ensure compliance with the terms and conditions of the certification.

CONCLUSION

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

This statement was approved by the Board of Directors on 12 April 2010.



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

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

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

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

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

A. Board of Directors

1. Board Responsibilities

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

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

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

2. Meetings

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

In the financial year ended 31 December 2009, the Board met on 5 occasions.

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



A. Board of Directors (cont'd)

2. Meetings (cont'd)

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

Name		Attendance
1	Datuk Sulaiman Bin Daud	5/5
2	Ho Chee Siong	5/5
3	Kazuhisa Kobayashi	5/5
4	Manabu Watanabe (Resigned 30 June 2009)	3/3
5	Mitsuo Kondo (Resigned 30 June 2009)	3/3
6	Mitsunobu Suzumi (Resigned 30 June 2009)	3/3
7	Yoshiki Miyatani (Appointed 1 July 2009)	2/2
8	Hayato Kashiwagi (Appointed 1 July 2009)	2/2
9	Hiroshi Amano (Appointed 1 July 2009)	2/2

3. Board Committees

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

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

1. Kazuhisa Kobayashi (Chairman)
2. Mitsunobu Suzumi (Resigned 30 June 2009)
3. Mitsuo Kondo (Resigned 30 June 2009)
4. Hiroshi Amano (Appointed 1 July 2009)
5. Hayato Kashiwagi (Appointed 1 July 2009)

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

For the year under review, the Committee recommended the nomination of candidates proposed by substantial corporate shareholders to replace their outgoing corporate representatives before recommending them to the Board for appointment.



A. Board of Directors (cont'd)

3. Board Committees (cont'd)

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

1. Mitsunobu Suzumi (Chairman – Resigned 30 June 2009)
2. Manabu Watanabe (Resigned 30 June 2009)
3. Mitsuo Kondo (Resigned 30 June 2009)
4. Yoshiki Miyatani (Appointed 1 July 2009)
5. Hiroshi Amano (Chairman - Appointed 1 July 2009)
6. Hayato Kashiwagi (Appointed 1 July 2009)

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

4. Board Balance

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

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

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

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

The Board is led by Y.Bhg. Datuk Sulaiman bin Daud as the Chairman whilst the executive management of the Company is led by Mr. Yoshiki Miyatani who succeeded Mr. Manabu Watanabe, the Managing Director and Chief Executive Officer.

5. Supply of Information

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

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

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



A. Board of Directors (cont'd)

6. Directors' Training

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

For the year under review, the Board members have attended the following training programmes:

No.	Directors	Title of Training Programmes	Date
1	Datuk Sulaiman Bin Daud	<ul style="list-style-type: none"> Investor Relations: Managing Strategic Issues in a Challenging Environment Corporate Governance Guide: Towards Boardroom Excellence Financial Reporting Standard 139 	18 June 2009 20 August 2009 16 October 2009
2	Yoshiki Miyatani	<ul style="list-style-type: none"> Corporate Governance Guide: Towards Boardroom Excellence 	20 August 2009
3	Ho Chee Siong	<ul style="list-style-type: none"> Corporate Governance Guide: Towards Boardroom Excellence 	20 August 2009
4	Kazuhisa Kobayashi	<ul style="list-style-type: none"> Corporate Governance: Directors' Duties 	24 August 2009
5	Hiroshi Amano	<ul style="list-style-type: none"> Mandatory Accreditation Programme for Directors of Public Listed Companies 	29-30 September 2009
6	Hayato Kashiwagi	<ul style="list-style-type: none"> Corporate Governance Guide: Towards Boardroom Excellence Mandatory Accreditation Programme for Directors of Public Listed Companies 	20 August 2009 29-30 September 2009

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

7. Re-election

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

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



B. Directors' Remuneration

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

Bonus payment to the executive director, if any, is dependent on Company's performance.

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

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

Category	Fees (RM)	Gratuities (RM)	Salaries & Other Emoluments (RM)	Benefit-in-Kind (RM)
Executive Directors	14,000	3,000	110,448	48,425
Non-Executive Directors	97,000	6,000	-	-

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

Amount of Remuneration	Executive Director	Non-executive Director
Below RM50,000		7
RM50,001~RM100,000	1	
RM100,001~RM200,000	1	

C. Shareholders

1. Dialogue between the Company and Investors

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

In accordance with Listing Requirement, the company has assigned a specific personal to answer queries for the shareholders.

2. Annual General Meeting

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



D. Accountability and Audit

1. *Financial Reporting*

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

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

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

In preparing for financial statements, the directors have:

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

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

3. *Internal Control*

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

4. *Relationship with the Auditors*

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

5. *Conflict of Interest*

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



E. Other Information

1. Share buybacks

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

2. Options or convertible securities

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

3. Depository Receipt Programme

During the financial year, the Company did not sponsor any Depository Receipt programme.

4. Imposition of sanctions/penalties

The Company is not aware of any sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory body save as disclosed in the directors' profile.

5. Variation in results

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

6. Profit Guarantee

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

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

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

8. Material Contracts

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

9. Non-Audit Fees

During the financial year under review, the Company incurred RM 5,000 non-audit fees to the external auditors, Ernst & Young.

10. Utilisation of Proceeds

Not Applicable.

This Statement of Corporate Governance is made in accordance with the resolution adopted by the Board at its meeting held on 12 April 2010.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT



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

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

The Workplace

Recognising the importance of employees as valuable assets, the Company provides continuous training and development opportunities to its workforce. During the year under review, the average training conducted was 5.75 hours per employee. In addition, three (3) employees were sponsored to participate in the Tun Razak Youth Leadership Awards coordinated by the Malaysian Institute of Management.

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

The Environment

Since September 2000, the Company has been certified to the ISO 14001 Environmental Management System. During the year under review, the company’s ISO 14001 Environmental Management System was recertified without any non-conformance report by SIRIM QAS International (“SIRIM”).

Since its inception, the company had installed a waste water treatment system (WWTS) to treat waste water from its operations. This WWTS was upgraded to a vacuum evaporator system using cleaner technology in October 2002.

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

The Marketplace

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

The Company obtained the ISO 9001 Quality Management System (“QMS”) in October 1995 with zero non-conformances. In 2009, the Company has continuously maintained its ISO 9001 certification by SIRIM QAS with zero non-conformance for the sixth consecutive year since 2004. The QMS was also upgraded to the new version ISO 9001:2008.

The Community

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

In November 2009, the Company organized a “Maypak Fun Day” for its employees. Food and game stalls were set up. Proceeds from the day’s collection were used to purchase two (2) computer systems for donation to the schools in the vicinity of the company where many children of Maypak’s employees attended.

Each year, the Company accepts undergraduates for industrial training ranging from one (1) to six (6) months. In 2009, the Company provided training to six (6) undergraduates.

FINANCIAL STATEMENTS

26-28
Directors' Report

29
Statement by Directors

29
Statutory Declaration

30-31
Report of the Auditors

32
Income Statement

33
Balance Sheet

34
Statement of Changes in Equity

35-36
Cash Flow Statement

37-63
Notes to the Financial Statements

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

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

PRINCIPAL ACTIVITY

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

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

RESULTS

	RM
Profit for the year	570,602

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

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

DIRECTORS

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

Datuk Sulaiman bin Daud	
Kazuhisa Kobayashi	
Ho Chee Siong	
Yoshiki Miyatani	(appointed on 1 July 2009)
Hiroshi Amano	(appointed on 1 July 2009)
Hayato Kashiwagi	(appointed on 1 July 2009)
Manabu Watanabe	(resigned on 30 June 2009)
Mitsuo Kondo	(resigned on 30 June 2009)
Mitsunobu Suzumi	(resigned on 30 June 2009)

DIRECTORS' BENEFITS

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

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

DIRECTORS' INTEREST

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

	Number of ordinary shares of RM1 each			
	1 January 2009	Acquired	Sold	31 December 2009
The Company				
Direct Interest:				
Hiroshi Amano	-	14,000	-	14,000
	Number of ordinary shares of JPY 50 each			
	1 January 2009	Acquired	Sold	31 December 2009
Holding Company - Toyo Seikan Kaisha, Ltd.				
Direct Interest:				
Kazuhisa Kobayashi	2,000	-	-	2,000

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

OTHER STATUTORY INFORMATION

- (a) Before the income statement and balance sheet of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 April 2010.

Datuk Sulaiman bin Daud

Yoshiki Miyatani

STATEMENT BY DIRECTORS

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

We, Datuk Sulaiman bin Daud and Yoshiki Miyatani, being two of the directors of Malaysia Packaging Industry Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 32 to 63 are drawn up in accordance with the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2009 and of the results and the cash flows of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 April 2010.

Datuk Sulaiman bin Daud

Yoshiki Miyatani

STATUTORY DECLARATION

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

I, She Kok Hoong, being the officer primarily responsible for the financial management of Malaysia Packaging Industry Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 32 to 63 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed She Kok Hoong
at Kuala Lumpur in the Federal Territory
on 12 April 2010

She Kok Hoong

Before me,
Commissioner of Oaths
No. W480
R. VASUGI AMMAL
PJK

REPORT OF THE AUDITORS

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Malaysia Packaging Industry Berhad, which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 63.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2009 and of its financial performance and cash flows for the year then ended.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

Ernst & Young
AF: 0039
Chartered Accountants

Choong Mei Ling
No. 1918/09/10 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
12 April 2010

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 RM	2008 RM
Revenue	3	61,595,214	74,757,664
Other income	4	1,847,518	1,226,565
Changes in work-in-progress and finished goods		(627,927)	531,769
Consumables and raw materials		(37,864,603)	(52,072,936)
Employee benefits expense	5	(9,864,293)	(10,657,825)
Depreciation and amortisation	11,12	(3,888,118)	(3,411,048)
Other expenses		(9,416,486)	(13,716,311)
Profit/(loss) from operations		1,781,305	(3,342,122)
Finance costs	7	(1,210,703)	(1,148,288)
Profit/(loss) before tax	8	570,602	(4,490,410)
Income tax expense	9	-	(350)
Profit/(loss) for the year		570,602	(4,490,760)
Profit/(loss) per share (sen)	10	1.36	(10.68)

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

BALANCE SHEET

AS AT 31 DECEMBER 2009

	Note	2009 RM	2008 RM
Assets			
Non-current assets			
Property, plant and equipment	11	40,100,899	41,098,329
Prepaid land lease payment	12	2,477,650	2,170,049
		42,578,549	43,268,378
Current assets			
Inventories	13	7,022,878	9,388,783
Trade receivables	14	16,586,307	16,060,026
Other receivables	15	336,776	443,549
Cash and bank balances	16	1,698,275	3,725,512
		25,644,236	29,617,870
Total assets		68,222,785	72,886,248
Equity and liabilities			
Equity			
Share capital	21	42,042,824	42,042,824
Reserves	22	64,979	64,979
Accumulated losses		(15,719,446)	(16,290,048)
Total equity		26,388,357	25,817,755
Non-current liability			
Long term borrowings	17	22,969,179	23,915,485
Current liabilities			
Short term borrowings	17	7,875,730	11,661,194
Trade payables	19	8,071,938	8,253,936
Other payables	20	2,917,581	3,237,878
		18,865,249	23,153,008
Total liabilities		41,834,428	47,068,493
Total equity and liabilities		68,222,785	72,886,248

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Share capital RM	Non- distributable revaluation reserves RM (Note 22)	Accumulated losses RM	Total RM
At 1 January 2008	42,042,824	64,979	(11,799,288)	30,308,515
Loss for the year	-	-	(4,490,760)	(4,490,760)
At 31 December 2008	42,042,824	64,979	(16,290,048)	25,817,755
Profit for the year	-	-	570,602	570,602
At 31 December 2009	42,042,824	64,979	(15,719,446)	26,388,357

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 RM	2008 RM
Cash flows from operating activities			
Profit/(loss) before tax		570,602	(4,490,410)
Adjustments for:			
Depreciation of property, plant and equipment		3,851,445	3,373,330
Amortisation of prepaid land lease payment		36,673	37,718
Gain on disposal of property, plant and equipment		(17,732)	(4,999)
Property, plant and equipment written off		142,432	375,539
Short term accumulating compensated absences		46,666	45,517
Write (back)/down of inventories		(3,273)	2,575
Inventories written off		356,578	232,719
(Write back)/provision for doubtful debts		(52,987)	177,789
Interest expense		1,210,703	1,148,288
Interest income		(17,157)	(82,710)
Net unrealised foreign exchange (gain)/loss		(635,235)	2,766,051
Operating profit before working capital changes		5,488,715	3,581,407
(Increase)/decrease in receivables		(391,827)	7,193,185
Decrease/(increase) in inventories		2,012,600	(1,872,045)
Decrease in payables		(532,037)	(3,120,924)
Cash generated from operations		6,577,451	5,781,623
Interest paid		(1,210,703)	(1,148,288)
Tax paid		-	(350)
Net cash generated from operating activities		5,366,748	4,632,985
Cash flows from investing activities			
Purchase of property, plant and equipment	(a)	(1,748,965)	(15,179,972)
Down payment for purchase of property, plant and equipment		-	(1,833,469)
Payment for premium on extension of lease		(344,274)	-
Proceeds from disposal of property, plant and equipment		70,200	5,000
Interest received		17,157	82,710
Net cash used in investing activities		(2,005,882)	(16,925,731)

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

Cash flows from financing activities

	Note	2009 RM	2008 RM
(Repayment)/drawdown of short term borrowings		(2,913,000)	3,466,000
Repayment of term loan		(1,625,000)	(1,625,000)
Loan from holding company		-	8,861,760
Repayment of hire purchase and finance lease payables		(430,833)	(112,794)
Net cash (used in)/generated from financing activities		(4,968,833)	10,589,966
Net decrease in cash and cash equivalents		(1,607,967)	(1,702,780)
Effects of exchange rate changes		29,541	194,949
Cash and cash equivalents at beginning of the year		3,244,371	4,752,202
Cash and cash equivalents at end of the year (Note 16)		1,665,945	3,244,371
Note:			
(a) Purchase of property, plant and equipment			
Acquired by way of:			
- cash		1,748,965	15,179,972
- finance lease		1,299,950	127,500
		3,048,915	15,307,472

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

1. Corporate information

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 April 2010.

2. Significant accounting policies

2.1 Basis of preparation

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

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

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

2.2 Summary of significant accounting policies

(a) Property, plant and equipment and depreciation

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

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

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

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(a) Property, plant and equipment and depreciation (cont'd)

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

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

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

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

(b) Impairment of non-financial assets

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

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

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

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

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

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Inventories

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

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

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

(d) Financial instruments

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

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

(i) Cash and cash equivalents

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

(ii) Receivables

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

(iii) Payables

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

(iv) Interest-bearing borrowings

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

(v) Equity instruments

Ordinary shares are classified as equity.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Leases

(i) Classification

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

(ii) Finance leases - the Company as lessee

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

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

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

(iii) Operating leases - the Company as lessee

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

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

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(f) Borrowing costs

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

(g) Income tax

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

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(h) Provisions

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

(i) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plan

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

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(j) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

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

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

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

	2009 RM	2008 RM
Japanese Yen	0.0371	0.0385
Singapore Dollar	2.4408	2.4143
United States Dollar	3.4295	3.4755

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(k) Revenue recognition

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

(i) Sale of goods

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

(ii) Interest income

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

2.3 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but were not yet effective as at 31 December 2009 and have not been applied by the Company:

Effective for financial periods beginning on or after 1 July 2009

FRS 8 : Operating Segment

Effective for financial periods beginning on or after 1 January 2010

FRS 4 : Insurance Contracts

FRS 7 : Financial Instruments: Disclosures

FRS 101 : Presentation of Financial Statements (Revised)

FRS 123 : Borrowing Costs

FRS 139 : Financial Instruments: Recognition and Measurement

Amendments to FRS 1 : First-time Adoption of Financial Reporting Standards

and FRS 127 : Consolidated and Separate Financial Statements: Cost of an Investments 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

Amendments to FRSs 'Improvements to FRSs (2009)'

IC Interpretation 9 : Reassessment of Embedded Derivatives

IC Interpretation 10 : Interim Financial Reporting and Impairment

IC Interpretation 11 : FRS 2 - Group and Treasury Share Transactions

IC Interpretation 13 : Customer Loyalty Programmes

IC Interpretation 14 : FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

TR i - 3 : Presentation of Finance Statements of Islamic Financial Institutions

2. Significant accounting policies (cont'd)

2.3 Standards and interpretations issued but not yet effective (cont'd)

Effective for financial periods beginning on or after 1 July 2010

FRS 1	: First-time Adoption of Financial Reporting Standards
FRS 3	: Business Combinations (revised)
FRS 127	: Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2	: Share-based Payment
Amendments to FRS 5	: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	: Intangible Assets
Amendments to IC Interpretation 9	: Reassessment of Embedded Derivatives
IC Interpretation 12	: Service Concession Arrangements
IC Interpretation 15	: Agreements for the Construction of Real Estate
IC Interpretation 16	: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	: Distributions of Non-cash Assets to Owners

The Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Company upon their initial application:

FRS 8: Operating Segment

FRS 8 replaces FRS 114₂₀₀₄: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Company's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Company.

FRS 123: Borrowing Costs

This Standard supersedes FRS 123₂₀₀₄: Borrowing Costs that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. The Company's current accounting policy is to expense the borrowing costs in the period which they are incurred. In accordance with the transitional provisions of the Standard, the Company will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

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

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

2. Significant accounting policies (cont'd)

2.3 Standards and interpretations issued but not yet effective (cont'd)

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

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

Amendments to FRSs 'Improvements to FRSs (2009)'

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

2.4 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

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

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

(b) Key sources of estimation uncertainty

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

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

3. Revenue

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

4. Other income

Included in other income are:

	2009 RM	2008 RM
Interest income	17,157	82,710
Gain on disposal of property, plant and equipment	17,732	4,999

5. Employee benefits expenses

	2009 RM	2008 RM
Wages and salaries	6,539,520	6,871,388
Social security contributions	90,257	98,818
Contributions to defined contribution plan	988,658	1,033,368
Short term accumulating compensated absences	46,666	45,517
Gratuities	9,000	10,000
Other benefits	2,190,192	2,598,734
	9,864,293	10,657,825

Included in employee benefits expense of the Company are executive directors' remuneration amounting to RM127,448 (2008: RM128,768) as further disclosed in Note 6.

6. Directors' remuneration

	2009 RM	2008 RM
Executive director:		
Salaries and other emoluments	110,448	114,768
Fees & gratuities	17,000	14,000
Estimated money value of benefits-in-kind	48,425	66,390
Amount included in employee benefits expense	175,873	195,158
Non-Executive Directors:		
Fees	97,000	115,667
Gratuities	6,000	10,000
	103,000	125,667
Total	278,873	320,825
Total directors' remuneration excluding benefits-in-kind	230,448	254,435

6. Directors' remuneration (cont'd)

	2009 RM	2008 RM
Analysis excluding benefits-in-kind:		
Total executive director's remuneration	127,448	128,768
Total non-executive directors' remuneration	103,000	125,667
Total directors' remuneration excluding benefits-in-kind	230,448	254,435

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

	Number of directors	
	2009	2008
Executive director:		
Below RM100,000	1	-
RM150,001 - RM200,000	1	1
Non-executive directors:		
Below RM50,000	7	7

7. Finance costs

	2009 RM	2008 RM
Interest expense on:		
Bank overdraft	12,488	39,908
Revolving credit and banker's acceptances	261,948	339,318
Term loan	90,681	170,663
Loans from holding company	756,266	588,798
Hire purchase	89,320	9,601
Total	1,210,703	1,148,288

8. Profit/(loss) before tax

The following amounts have been included in arriving at profit/(loss) before tax:

	2009 RM	2008 RM
Auditors' remuneration:		
- Statutory audit	40,000	30,000
- Other services	5,000	4,000
Amortisation of prepaid land lease payment (Note 12)	36,673	37,718
(Write back)/provision for doubtful debts	(52,987)	177,789
Write (back)/down of inventories	(3,273)	2,575
Property, plant and equipment written off	142,432	375,539
Inventories written off	356,578	232,719
Rental expense	860,324	840,968
Net foreign exchange (gain)/loss		
- Realised	(45,349)	151,643
- Unrealised	(635,235)	2,766,051

9. Income tax expense

	2009 RM	2008 RM
Malaysian income tax:		
- Underprovision in prior year	-	350

There was no tax charge for the previous financial year as the Company was in a tax loss position.

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year.

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

	2009 RM	2008 RM
Profit/(loss) before tax	570,602	(4,490,410)
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	142,651	(1,167,507)
Expenses not deductible for tax purposes	44,272	48,355
Utilisation of previously unrecognised unabsorbed capital allowances	(186,923)	-
Deferred tax assets not recognised during the year	-	1,119,152
Underprovision of tax expense in prior year	-	350
Income tax expense for the year	-	350

9. Income tax expense (cont'd)

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

	2009 RM	2008 RM
Deferred tax assets	(4,472,872)	(3,949,032)
Deferred tax liabilities	4,472,872	3,949,032
	-	-

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

Deferred tax assets of the Company:

	Unabsorbed capital allowances RM	Provisions RM	Unrealised foreign exchange (loss)/gain RM	Total RM
At 1 January 2008	(2,692,735)	(91,699)	-	(2,784,434)
Recognised in income statement	(484,358)	11,273	(691,513)	(1,164,598)
At 31 December 2008	(3,177,093)	(80,426)	(691,513)	(3,949,032)
Recognised in income statement	(1,315,186)	(58,976)	850,322	(523,840)
At 31 December 2009	(4,492,279)	(139,402)	158,809	(4,472,872)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM	Others RM	Total RM
At 1 January 2008	2,654,074	130,360	2,784,434
Recognised in income statement	1,294,958	(130,360)	1,164,598
At 31 December 2008	3,949,032	-	3,949,032
Recognised in income statement	523,840	-	523,840
At 31 December 2009	4,472,872	-	4,472,872

9. Income tax expense (cont'd)

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

	2009 RM	2008 RM
Unabsorbed capital allowances	9,869,000	12,957,000
Unutilised reinvestment allowances	23,203,000	21,989,000
	33,072,000	34,946,000

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

10. Profit/(loss) per share

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

	2009	2008
Profit/(loss) for the year (RM)	570,602	(4,490,760)
Weighted average number of ordinary shares in issue	42,042,824	42,042,824
Earnings/(loss) per share (sen)	1.36	(10.68)

There are no share issuance which have a dilutive effect to the basic earnings per share of the Company.

11. Property, plant and equipment

	Factory, office buildings and office renovation RM	Plant and equipment RM	Furniture, fixtures, fittings and motor vehicles RM	Printing cylinders RM	Capital work-in- progress RM	Total RM
At 31 December 2009						
Cost or valuation						
At 1 January 2009						
At cost	10,716,250	56,481,090	5,756,095	5,932,116	2,097,778	80,983,329
At valuation	1,600,000	-	-	-	-	1,600,000
Additions	12,316,250	56,481,090	5,756,095	5,932,116	2,097,778	82,583,329
Disposal	182,910	1,279,114	188,491	1,243,264	155,136	3,048,915
Write-off	-	-	(143,994)	-	-	(143,994)
Transfer	-	(6,700)	(9,200)	(405,103)	-	(421,003)
Transfer	-	2,097,778	-	-	(2,097,778)	-
At 31 December 2009	12,499,160	59,851,282	5,791,392	6,770,277	155,136	85,067,247
Representing:						
At cost	10,899,160	59,851,282	5,791,392	6,770,277	155,136	83,467,247
At valuation	1,600,000	-	-	-	-	1,600,000
At 31 December 2009	12,499,160	59,851,282	5,791,392	6,770,277	155,136	85,067,247
Accumulated depreciation						
At 1 January 2009						
Charge for the year	3,224,591	31,239,973	3,511,764	3,508,672	-	41,485,000
Disposal	300,491	1,784,289	521,614	1,245,051	-	3,851,445
Write-off	-	-	(91,526)	-	-	(91,526)
Write-off	-	(3,685)	(8,456)	(266,430)	-	(278,571)
At 31 December 2009	3,525,082	33,020,577	3,933,396	4,487,293	-	44,966,348
Net carrying amount						
At cost						
At valuation	8,014,078	26,830,705	1,857,996	2,282,984	155,136	39,140,899
At valuation	960,000	-	-	-	-	960,000
At 31 December 2009	8,974,078	26,830,705	1,857,996	2,282,984	155,136	40,100,899

11. Property, plant and equipment (cont'd)

	Factory, office buildings and office renovation RM	Plant and equipment RM	Furniture, fixtures, fittings and motor vehicles RM	Printing cylinders RM	Capital work-in- progress RM	Total RM
At 31 December 2008						
Cost or valuation						
At 1 January 2008						
At cost	10,453,636	43,127,746	5,163,047	5,471,947	-	64,216,376
At valuation	1,600,000	-	-	-	-	1,600,000
Additions	12,053,636 262,614	43,127,746 13,360,694	5,163,047 658,538	5,471,947 1,025,626	-	65,816,376 17,405,250
Disposal	-	-	(63,500)	-	-	(63,500)
Write-off	-	(7,350)	(1,990)	(571,272)	-	(580,612)
Adjustment	-	-	-	5,815	-	5,815
At 31 December 2008	12,316,250	56,481,090	5,756,095	5,932,116	2,097,778	82,583,329
Representing:						
At cost	10,716,250	56,481,090	5,756,095	5,932,116	2,097,778	80,983,329
At valuation	1,600,000	-	-	-	-	1,600,000
At 31 December 2008	12,316,250	56,481,090	5,756,095	5,932,116	2,097,778	82,583,329
Accumulated depreciation						
At 1 January 2008						
Charge for the year	2,938,294	29,971,633	3,067,339	2,397,161	-	38,374,427
Disposal	-	-	(63,499)	-	-	(63,499)
Write-off	-	(5,267)	(763)	(199,043)	-	(205,073)
Adjustment	-	-	-	5,815	-	5,815
At 31 December 2008	3,224,591	31,239,973	3,511,764	3,508,672	-	41,485,000
Net carrying amount						
At cost						
At valuation	8,099,659	25,241,117	2,244,331	2,423,444	2,097,778	40,106,329
At valuation	992,000	-	-	-	-	992,000
At 31 December 2008	9,091,659	25,241,117	2,244,331	2,423,444	2,097,778	41,098,329

11. Property, plant and equipment (cont'd)

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

Had the revalued assets been carried at cost less accumulated depreciation, the net carrying amount of the assets that would have been included in the financial statements of the Company as at 31 December 2009 would have been RM470,463 (2008: RM496,367).

- (b) Net carrying amount of property, plant and equipment held under hire purchase and finance lease arrangements is RM1,332,054 (2008: RM423,022).
- (c) Included in property, plant and equipment of the Company are the following cost of fully depreciated assets which are still in use:

	2009 RM	2008 RM
Factory, office buildings and office renovation	162,880	29,000
Plant and equipment	23,886,298	23,180,899
Furniture, fixtures, fittings and motor vehicle	1,949,290	1,228,839
Printing cylinders	1,958,241	887,000

12. Prepaid land lease payment

	2009 RM	2008 RM
At 1 January	2,170,049	2,207,767
Additional premium on extension of lease	344,274	-
Amortisation for the year (Note 8)	(36,673)	(37,718)
At 31 December	2,477,650	2,170,049

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

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

- (b) The Company is the beneficial owner of the long term leasehold land. The long term leasehold land is currently registered under the name of Ajinomoto (Malaysia) Berhad, which is a corporate shareholder of the Company.
- (c) On 4 November 2009, the lease term for the land was extended from 31 July 2066 to 26 May 2108.

13. Inventories

	2009 RM	2008 RM
Cost		
Raw materials	3,761,056	5,499,033
Work-in-progress	1,355,936	878,326
Finished goods	1,857,503	2,914,255
	6,974,495	9,291,614
Net realisable value		
Finished goods	48,383	97,169
	7,022,878	9,388,783

The cost of inventories including production overheads and labour costs recognised as an expense during the financial year amounted to RM54,915,877 (2008: RM68,596,051).

14. Trade receivables

	2009 RM	2008 RM
Trade receivables	18,481,831	18,008,537
Provision for doubtful debts	(1,895,524)	(1,948,511)
	16,586,307	16,060,026

The Company's normal credit term ranges from 30 to 90 (2008: 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

As at balance sheet date, the Company has significant concentration of credit risk in the form of outstanding balances due from 30 (2008: 30) customers representing approximately 92% (2008: 88%) of total trade receivables.

15. Other receivables

	2009 RM	2008 RM
Deposits	68,705	74,305
Prepayments	54,114	294,615
Advance payment for trade purchases	185,135	41,867
Sundry receivables	28,822	32,762
	336,776	443,549

In the previous financial year, included in prepayments was a downpayment for the purchase of certain plant and machinery amounting to RM123,000.

16. Cash and cash equivalents

	2009 RM	2008 RM
Cash on hand and at banks	1,698,275	1,725,512
Deposits with a licensed bank	-	2,000,000
Cash and bank balances	1,698,275	3,725,512
Less: Bank overdrafts (Note 17)	(32,330)	(481,141)
Cash and cash equivalents	1,665,945	3,244,371

In the previous financial year, the weighted average effective interest rate and average maturity of deposits at the balance sheet date were 3.0% and 31 days respectively.

17. Borrowings

	2009 RM	2008 RM
Short term borrowings		
Secured:		
Hire purchase and finance lease payables (Note 18)	455,900	67,053
Unsecured:		
Term loan (Note a)	812,500	1,625,000
Bank overdraft (Note 16)	32,330	481,141
Revolving credit	3,600,000	4,600,000
Banker's acceptances	2,975,000	4,888,000
	7,419,830	11,594,141
	7,875,730	11,661,194
Long term borrowings		
Secured:		
Hire purchase and finance lease payables (Note 18)	569,520	89,250
Unsecured:		
Term loan (Note a)	-	812,500
Loans from holding company (Note b)	22,399,659	23,013,735
	22,399,659	23,826,235
	22,969,179	23,915,485

17. Borrowings (cont'd)

	2009 RM	2008 RM
Total borrowings		
Bank overdraft (Note 16)	32,330	481,141
Revolving credit	3,600,000	4,600,000
Banker's acceptances	2,975,000	4,888,000
Term loan (Note a)	812,500	2,437,500
Loans from holding company (Note b)	22,399,659	23,013,735
Hire purchase and finance lease payables (Note 18)	1,025,420	156,303
	30,844,909	35,576,679
Maturity of borrowings (excluding hire purchase and finance lease payables):		
Within one year	7,419,830	11,594,141
Later than 1 year and less than 2 years	2,604,949	812,500
Later than 2 years and less than 5 years	13,439,795	11,861,406
Later than 5 years	6,354,915	11,152,329
	29,819,489	35,420,376

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

	2009 %	2008 %
Term loan	5.5	5.5
Loans from holding company	1.8 - 5.1	1.8 - 5.1
Bank overdraft	5.75 - 7.5	7.0 - 7.5
Revolving credit	3.3 - 3.4	4.2 - 4.3
Banker's acceptances	2.6 - 3.6	4.1 - 4.5

- (a) Term loan is unsecured and the remaining instalment payment of RM812,500 is due to be repaid on February 2010. The term loan was subsequently repaid on 26 February 2010.
- (b) Loans from holding company are unsecured and are repayable over a period of 5 years with half-yearly instalments commencing March 2011.

18. Hire purchase and finance lease payables

	2009 RM	2008 RM
Future minimum lease payments:		
Not later than 1 year	515,676	73,476
Later than 1 year and not later than 2 years	515,676	28,392
Later than 2 years and not later than 5 years	83,143	70,928
Total future minimum lease payments	1,114,495	172,796
Less: Future finance charges	(89,075)	(16,493)
Present value of finance lease liabilities (Note 17)	1,025,420	156,303
Analysis of present value of finance lease liabilities:		
Not later than 1 year	455,900	67,053
Later than 1 year and not later than 2 years	490,905	25,500
Later than 2 years and not later than 5 years	78,615	63,750
Less: Amount due within 12 months (Note 17)	1,025,420 (455,900)	156,303 (67,053)
Amount due after 12 months (Note 17)	569,520	89,250

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

The hire purchase and finance lease liabilities of the Company are subject to an effective interest rate of 4.30% - 5.00% (2008: 4.30% - 5.31%) per annum.

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

19. Trade payables

	2009 RM	2008 RM
Third parties	6,821,868	6,890,204
Related parties		
DIC (Malaysia) Sdn. Bhd.	447,097	262,557
Saiwai Shoji Co. Ltd.	802,973	1,101,175
	8,071,938	8,253,936

DIC (Malaysia) Sdn. Bhd. is a subsidiary of DIC Corporation, which is a corporate shareholder of the Company and Saiwai Shoji Co., Ltd. is a fellow subsidiary of the Company.

The normal credit terms granted to the Company range from 30 to 90 (2008: 30 to 90) days.

20. Other payables

	2009 RM	2008 RM
Accruals	1,170,833	1,027,187
Sundry payables	1,746,748	2,210,691
	2,917,581	3,237,878

Included in accruals are:

- (a) a provision for accumulating compensated absences amounting to RM332,091 (2008: RM309,489);
- (b) accrued interest for loans from holding company amounting to RM179,592 (2008: RM187,310); and
- (c) balance due to Toyo Seikan Technical & Administration Service Center (Asia) Co., Ltd, a fellow subsidiary, amounting to RM30,000 (2008: RMnil).

21. Share capital

	Number of ordinary share of RM1 each		Amount	
	2009 RM	2008 RM	2009 RM	2008 RM
Authorised:				
1 January/31 December	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid:				
1 January/31 December	42,042,824	42,042,824	42,042,824	42,042,824

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

22. Other reserve (non-distributable)

	2009 RM	2008 RM
Revaluation reserve - leasehold land At 1 January/31 December	64,979	64,979

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

23. Operating lease arrangements

The Company as lessee

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

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

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

	2009 RM	2008 RM
Future minimum lease payables:		
Not later than 1 year	549,615	613,489
Later than 1 year and not later than 5 years	-	537,614
	549,615	1,151,103

24. Capital commitments

	2009 RM	2008 RM
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	-	622,000
Approved but not contracted for:		
Property, plant and equipment and others	5,200,000	2,792,643

25. Significant related party transactions

(a) Significant related party transactions

	2009	2008
	RM	RM
Loans from holding company	-	8,861,760
Purchase of raw materials from DIC (Malaysia) Sdn. Bhd., a subsidiary of DIC Corporation, a corporate shareholder	1,260,766	1,275,179
Purchase of raw materials from Saiwai Shoji Co., Ltd., a fellow subsidiary	2,542,956	3,691,316
Sales of finished goods to		
(a) Ajinomoto (Malaysia) Berhad, a corporate shareholder	4,398,624	4,153,551
(b) Wellpack Innovation Co., a fellow subsidiary	435,327	-
Rental expense charged by Ajinomoto (Malaysia) Berhad, a corporate shareholder	587,089	587,089
Technical fee charged by Toyo Seikan Technical & Administration Service Center (Asia) Co., Ltd, a fellow subsidiary	60,000	-

Information regarding outstanding balance arising from related party transactions as at 31 December 2009 are disclosed in Notes 17 and 19.

The directors are of the opinion that all the transactions above, other than the loans, have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed between parties. The terms of the loans from holding company are disclosed in Note 17.

(b) Compensation of key management personnel

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

	2009	2008
	RM	RM
Salaries, allowances and bonuses	467,814	614,843
Estimated money value of benefits-in-kind	109,743	119,633
Contributions to defined contribution plan	29,397	41,400
Total short-term employee benefits	606,954	775,876

Remuneration of directors is as disclosed in Note 6. Certain directors of the Company have received salaries from its holding company amounting to RM1,047,211 (2008: RM1,388,235).

26. Financial instruments

(a) Financial risk management objectives and policies

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

(b) Interest rate risk

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

The Company's primary interest rate risk relates to interest-bearing borrowings and had no substantial long-term interest-bearing assets as at 31 December 2009.

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

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

(c) Foreign exchange risk

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

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

	Net financial assets/(liabilities) held in non-functional currencies		
	Japanese Yen RM	Singapore Dollar RM	United States Dollar RM
At 31 December 2009:			
Trade Receivables	-	447,161	1,401,875
Cash and bank balances	287,112	431,222	186,011
Trade Payables	805,443	4,876	127,366
Borrowings	12,591,289	-	9,808,370

26. Financial instruments (cont'd)

(c) Foreign exchange risk (cont'd)

	Net financial assets/(liabilities) held in non-functional currencies		
	Japanese Yen RM	Singapore Dollar RM	United States Dollar RM
At 31 December 2008:			
Trade Receivables	-	747,404	460,243
Cash and bank balances	1,166,511	202	181
Trade Payables	1,821,562	-	336,988
Borrowings	13,073,805	-	9,939,930

As at balance sheet date, the Company had entered into a cross currency swap for USD 2,860,000 (RM9,658,220) with a financial institution to hedge borrowings in United States Dollar (USD) from its holding company. The swap contract is effective 31 March 2010 and matures on 30 September 2015.

(d) Liquidity risk

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

(e) Credit risk

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

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

26. Financial instruments (cont'd)

(f) Fair values

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

	Note	Carrying amount RM	Fair value RM
At 31 December 2009:			
Hire purchase and finance lease payables	18	1,025,420	954,697
Loans from holding company	17	22,399,659	25,040,389
At 31 December 2008:			
Hire purchase and finance lease payables	18	156,303	148,481
Term loan	17	2,437,500	2,407,407
Loans from holding company	17	23,013,735	25,534,168

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

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

27. Segmental information

(a) Business Segment:

Segmental reporting by business activities has not been prepared as the Company is principally engaged only in the manufacture of printed and laminated flexible light packaging materials.

(b) Geographical Segment:

Segmental reporting by geographical regions has not been prepared as the Company's operations are predominantly in Malaysia.

ANALYSIS OF SHAREHOLDING AS AT 3 MAY 2010

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

DISTRIBUTION OF SHAREHOLDINGS

	No. of Shareholders	%	No. of Shares	%
Less than 100	225	12.76	9,672	0.02
100 to 1,000	122	6.92	67,164	0.16
1,001 to 10,000	1,213	68.80	3,833,705	9.12
10,001 to 100,000	182	10.33	4,771,657	11.35
100,001 to less than 5% of issued shares	18	1.02	3,949,634	9.40
5% and above of issued shares	3	0.17	29,410,992	69.95
	1,763	100.00	42,042,824	100.00

SUBSTANTIAL SHAREHOLDERS

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

DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
	No. of shares	%	No. of shares	%
1 Datuk Sulaiman Bin Daud	-	-	-	-
2 Yoshiki Miyatani	-	-	-	-
3 Ho Chee Siong	-	-	-	-
4. Kazuhisa Kobayashi*	-	-	-	-
5. Hiroshi Amano	14,000	0.03	-	-
6. Hayato Kashiwagi	-	-	-	-

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 3 MAY 2010

	No. of Shares	%
1. Toyo Seikan Kaisha Ltd.	23,104,569	54.95
2. DIC Corporation	4,204,283	10.00
3. Ajinomoto (Malaysia) Berhad	2,102,140	5.00
4. Ho Siew Lee	362,600	0.86
5. RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Beneficiary: Pledged Securities Account for Teh Kian Lang</i>	358,600	0.85
6. Chuah Chew Hing	307,000	0.73
7. Goh Yai Heng	300,000	0.71
8. Billy Ho Kum Chew	278,000	0.66
9. Quah Lake Jen	251,800	0.60
10. Ong Leong Huat	248,500	0.59
11. Tan Lan Diang	239,900	0.57
12. Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Beneficiary: Pledged Securities Account for Khor Keng Saw @ Khaw Ah Soay</i>	234,000	0.56
13. Dato' Teo Soo Cheng	203,300	0.48
14. EB Nominees (Tempatan) Sendirian Berhad <i>Beneficiary: Pledged Securities Account for Chee Sai Mun</i>	172,200	0.41
15. HLB Nominees (Tempatan) Sdn. Bhd. <i>Beneficiary: Pledged Securities Account for Loh Kuan Fong</i>	168,000	0.40
16. Tasec Nominees (Asing) Sdn. Bhd. <i>Beneficiary: TA Securities (HK) Ltd for Jeffrey Smith</i>	150,000	0.36
17. Chua Eng Ho Wa'a @ Chua Eng Wah	142,000	0.34
18. Loh Kee Fook	142,000	0.34
19. MKW Consolidated Sdn. Bhd.	140,667	0.33
20. Soh Poh Yen	140,667	0.33
21. Public Nominees (Tempatan) Sdn. Bhd. <i>Beneficiary: Pledged Securities Account for Teh Kian Lang</i>	110,400	0.26
22. Chuah Cheng Soon	86,000	0.20
23. TA Nominees (Tempatan) Sdn. Bhd. <i>Beneficiary: Pledged Securities Account for Chua Eng Ho Waa @ Chua Eng Wah</i>	84,000	0.20
24. Lee Mun Leong	81,000	0.19
25. Teo Soo Cheng Sdn Bhd	80,000	0.19
26. Teh Yoke Fong	75,000	0.18
27. Chee Sai Mun	72,467	0.17
28. Lua Cheng Sea	72,000	0.17
29. Mah King Woon Sendirian Berhad	68,000	0.16
30. Tan Kim Hwee	68,000	0.16
	34,047,093	80.95

PROPERTIES

AS AT 31 DECEMBER 2009

	Address	Description (Sq-Ft)	Existing Use	Tenure (Expiry Date)	Approximate Age of Building (Years)	Net Book Value (RM)	Date of Revaluation (DR)/ Date of Acquisition (DA)
1	Part of Lot L.O No. 3 in the Mukim of Kuala Lumpur and registered under provisional title No. Q.T.(R)5621 Jalan Kuchai Lama, Petaling 58200 Kuala Lumpur	Industrial land with a single-storey factory and three-storey office premises (93,778)	Office and factory	*Leasehold (26.05.2108)	35	11,429,496	16.2.1976(DA) 6.3.1990(DR) 30.3.1995(DA)
2	Lot 90D, 74-2A, Jalan 2/116B Kuchai Entrepreneurs Park 58200 Kuala Lumpur	Apartment on 2nd Floor of three-storey shop cum apartment building (870)	Staff quarters	Leasehold (23.06.2081)	20	8,298	19.3.1992(DA)
3	Lot 95F, 3-3A, Jalan 2/116B Kuchai Entrepreneurs Park 58200 Kuala Lumpur	Apartment on 3rd Floor of three-storey shop cum apartment building (932)	Staff quarters	Leasehold (23.06.2081)	20	13,934	18.3.1993(DA)

*Lease Extension

On 4 November 2009, the lease term for the land was extended from 31 July 2066 to 26 May 2108.

Revaluation Policy on Landed Properties

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

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Form of Proxy

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

Stamp

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 (Incorporated in Malaysia)