



南源塑膠控股有限公司
BP PLASTICS HOLDING BHD
(644902-V)

5A, Jalan Wawasan 2
Kawasan Perindustrian Sri Gading
83300 Batu Pahat
Johor Darul Takzim
Malaysia

Tel: 607 455 7633 Fax: 607 455 6799



The Quality
You Can Trust

BPPLAS

VISION AND MISSION



VISION

To be the plastics packaging specialist of choice in Asian Region

MISSION

To produce reliable and high quality packaging products for industries

BPPLAS is a Polyethylene Film and Bag manufacturer. We specialized in stretch, and shrink films that are used to protect and enhanced palletized goods product safety handling in warehousing and transportation. BPPLAS also produce various premier qualities flat polyethylene film for printing, lamination, surface protective film, air cargoes packaging film, builder film and various customized polyethylene bag targeted for different industrial packaging application to improve packaging integrity and/or shelf life.

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CORPORATE DATA



BOARD OF DIRECTORS

Lim Chun Yow

Chairman and Managing Director

Tan See Khim

Executive Director

Hey Shiow Hoe

Executive Director

Boo Chin Liong

Independent Non-Executive Director

Koh Chin Koon

Independent Non-Executive Director

Lim Kim Hock

Independent Non-Executive Director

COMPANY SECRETARY

Teo Soon Mei (MAICSA 7018590)

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd (36869-T)

Level 7, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Tel : 03-2084 9000

Fax : 03-2094 9940

REGISTERED OFFICE

5A Jalan Wawasan 2

Kawasan Perindustrian Sri Gading

83300 Batu Pahat

Johor Darul Takzim

Tel : 07-455 7633

Fax : 07-455 6799

Email : enquiry@bpplastics.com.my

HEAD/MANAGEMENT OFFICE

5A Jalan Wawasan 2

Kawasan Perindustrian Sri Gading

83300 Batu Pahat

Johor Darul Takzim

Tel : 07-455 7633

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WEBSITE

www.bpplas.com

AUDITORS

Ernst & Young (AF 0039)

Chartered Accountants

Lot 1, 6th Floor

Menara Pertam, Jalan BBP 2

Taman Batu Berendam Putra

Batu Berendam, 75350 Melaka

Tel : 06-336 2399

Fax : 06-336 2899

STOCK EXCHANGE LISTING

BPPLAS (5100)

Main Board of the Bursa Malaysia

Securities Berhad

(Listed on 23rd February, 2005)

PRINCIPAL BANKERS

- Malayan Banking Berhad
- HSBC Bank Malaysia Berhad
- Overseas-Chinese Banking Corporation Limited
- OCBC Bank (Malaysia) Berhad
- RHB Bank Berhad

AUDIT COMMITTEE

- **Koh Chin Koon** (Chairman)
(Redesignated wef 22/2/2008)
Independent Non-Executive Director
- **Boo Chin Liong** (Member)
(Redesignated wef 22/2/2008)
Independent Non-Executive Director
- **Lim Kim Hock** (Member)
(Appointed wef 22/2/2008)
Independent Non-Executive Director
- **Lim Chun Yow** (Member)
(Retired wef 22/2/2008)
Chairman and Managing Director

NOMINATION COMMITTEE

- **Boo Chin Liong** (Chairman)
Independent Non-Executive Director
- **Koh Chin Koon** (Member)
Independent Non-Executive Director
- **Lim Kim Hock** (Member)
(Appointed wef 22/2/2008)
Independent Non-Executive Director

REMUNERATION COMMITTEE

- **Lim Kim Hock** (Chairman)
(Appointed wef 22/2/2008)
Independent Non-Executive Director
- **Koh Chin Koon** (Member)
(Redesignated wef 22/2/2008)
Independent Non-Executive Director
- **Hey Shiow Hoe** (Member)
(Appointed wef 22/2/2008)
Executive Director
- **Boo Chin Liong** (Member)
Independent Non-Executive Director
- **Lim Chun Yow** (Member)
(Retired wef 22/2/2008)
Chairman and Managing Director

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") COMMITTEE

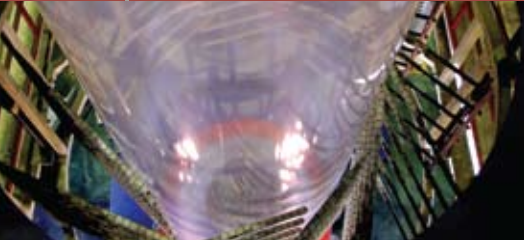
- **Lim Chun Yow** (Chairman)
Chairman and Managing Director
- **Tan See Khim** (Member)
Executive Director
- **Hey Shiow Hoe** (Member)
Executive Director
- **Kelly Tan Eng Seng** (Member)
Administration Manager

RISK MANAGEMENT COMMITTEE

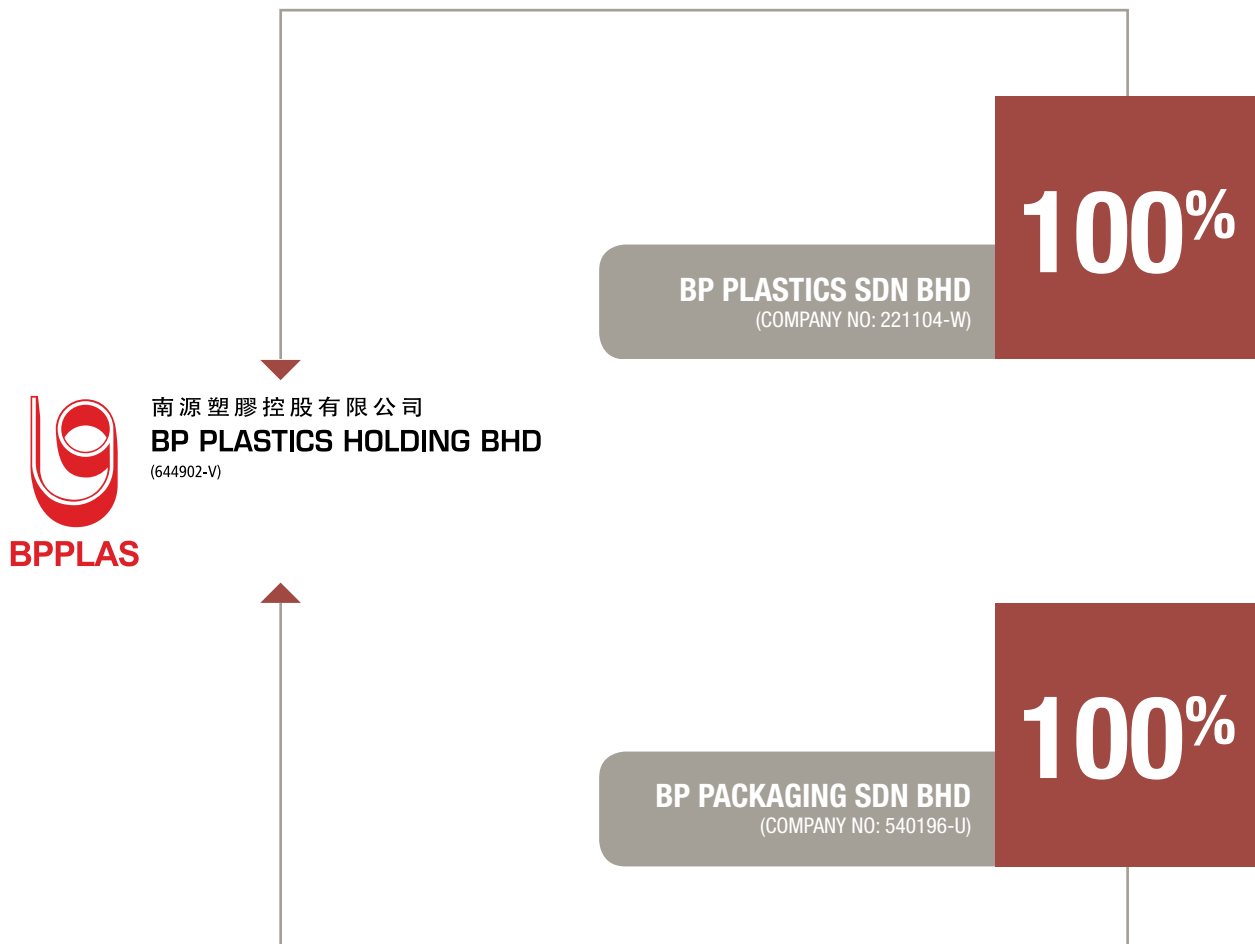
- **Hey Shiow Hoe** (Chairman)
Executive Director
- **Tan See Khim** (Member)
Executive Director
- **Kelly Tan Eng Seng** (Member)
Administration Manager
- **Lee Kuan Hock** (Member)
Finance Manager
- **Foo See Boon** (Member)
Production Manager
- **Eric Chiam** (Member)
Maintenance Manager
- **Tay Peh Hwee** (Member)
Technical Service Manager
- **Koh Chu How** (Member)
Sales Manager
- **Gavin Tan Siau Hu** (Member)
Assistant Costing & Compliance
Manager

INVESTOR RELATIONS

- **Mr. Lim Chun Yow**
(Chairman/Managing Director)
Tel : 07-4557633
Fax : 07-4556799
Email : ir@bpplastics.com.my



CORPORATE STRUCTURE



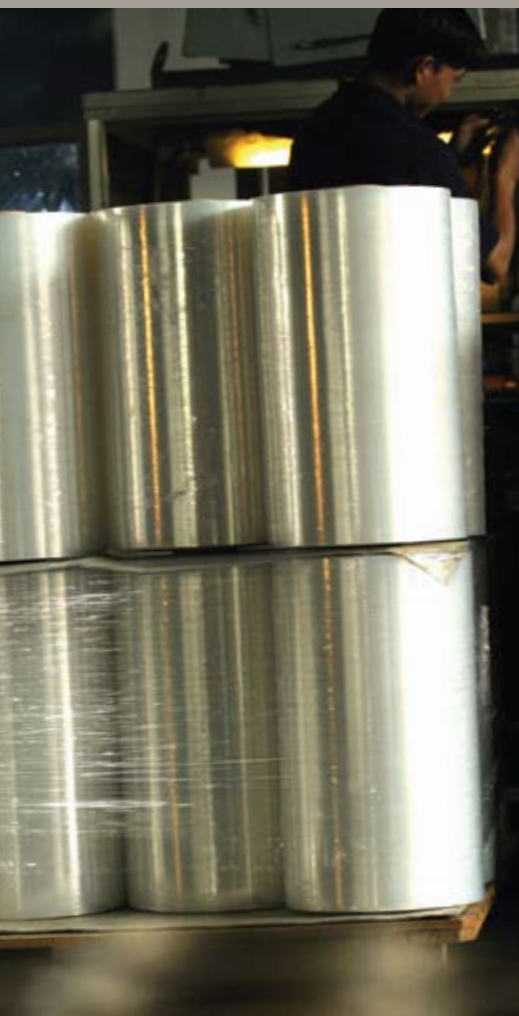
CORPORATE PROFILE

BP Plastics Holding Bhd, an investment holding and provision of management services company was incorporated in Malaysia under the Companies Act, 1965 on 9 March, 2004.

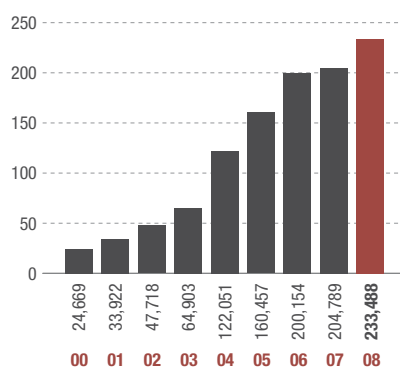
The principal activities of its subsidiaries are as follows:-

Company	Date and Country of Incorporation	Equity Interest (%)	Principal Activities
BP Plastics Sdn Bhd (Company No: 221104-W)	18 July, 1991/ Malaysia	100	Manufacturing
BP Packaging Sdn Bhd (Company No: 540196-U)	23 February, 2001/ Malaysia	100	Trading

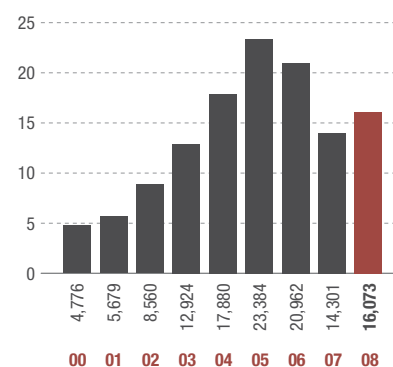
PAST YEARS FINANCIAL HIGHLIGHTS



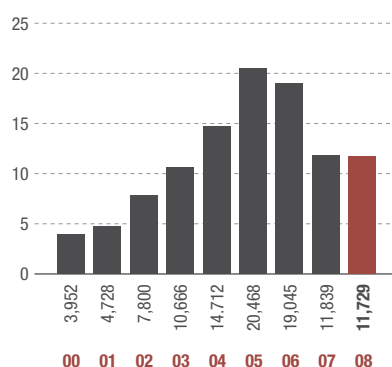
TURNOVER (RM'000)



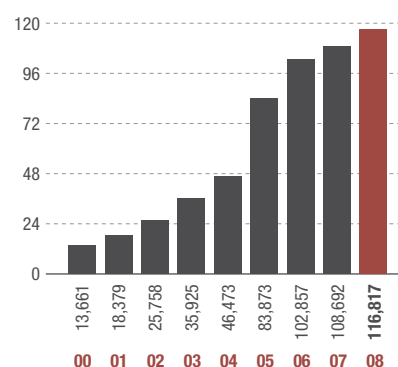
PROFIT BEFORE TAX (RM'000)



PROFIT AFTER TAX (RM'000)



SHAREHOLDERS' FUNDS (RM'000)



	2000	2001	2002	2003	2004	2005	2006	2007	2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
TURNOVER	24,669	33,922	47,718	64,903	122,051	160,457	200,154	204,789	233,488
EBITDA	5,738	8,163	11,172	15,303	21,389	27,488	26,582	19,888	22,544
PROFIT BEFORE TAX	4,776	5,679	8,860	12,924	17,880	23,384	20,962	14,031	16,073
PROFIT AFTER TAX	3,952	4,718	7,800	10,666	14,712	20,468	19,045	11,839	11,729
SHAREHOLDERS' FUNDS	13,661	18,379	25,758	35,925	46,473	83,873	102,857	108,692	116,817
ROE	28.93%	29.45%	35.34%	34.58%	35.71%	31.41%	20.40%	11.19%	10.40%
NON CURRENT ASSET	20,238	19,970	21,049	36,325	37,543	64,158	67,598	72,074	67,217
ROA	19.53%	23.63%	37.06%	29.36%	39.19%	31.90%	28.17%	16.43%	17.45%
EPS *	3.29	3.93	6.50	8.89	12.26	17.06	15.86	9.86	6.51
Net Div (sen)	na	na	na	na	na	7	5	3	2#
NTA PS (RM)	na	na	na	na	0.57	0.72	0.86	0.91	0.65

* based on 120 Million shares for 2000 to 2005, for 2006 to 2007 120.08 Million shares and 2008 is based on 180.12 Million shares

2008 dividend is subject to approval from forthcoming AGM

Note : The financial figures for 2000 to 2004 are prepared based on proforma consolidated basis on the assumption that the current structure of the Group has been in existence since the financial year ended 31 December 2000

BOARD OF DIRECTORS



From left to right

Mr Boo Chin Liang, Mr Koh Chin Koon, Mr Lim Kim Hock, Mr Hey Shiow Hoe, Mr Lim Chun Yow, Mr Tan See Khim

BOARD OF DIRECTORS

(cont'd)



Lim Chun Yow

Age :
46

Nationality :
Malaysian

Position in the Company :
Chairman and Managing Director

Qualification :
Holds a degree in Bachelor of Science in Business Administration from The Ohio State University, United State of America in 1985.

Working Experience :
He started his career as the Sales and Marketing Executive with a plastic bag manufacturer in 1986 after graduation from a University in USA. In 1990, he set up a business with two co-founders of BP Plastics. He was appointed as the Chairman and Managing Director of the Company on 23rd November, 2005 and 3rd September, 2004 respectively. He also sits on the board for several private limited companies.

Other Directorship of Public Companies :
None

Details of Any Board Committee to which He Belongs :
He is the Chairman of ESOS Committee of the Company.

Number of Board Meetings Attended in the Financial Year :
6/6



Tan See Khim

Age :
45

Nationality :
Malaysian

Position in the Company :
Executive Director

Qualification :
Holds a Certificate in Senior Middle Three from Chung Hwa High School in Muar in 1982.

Working Experience :
He was appointed as an Executive Director of the Company on 3rd September, 2004. He is a co-founder of BP Plastics Sdn Bhd. He was involved in the sales, trading, marketing, distribution, resource planning and training in consumer products in between 1983 and 1990, prior to the establishment of BP Plastics Sdn Bhd in 1991. His experience and knowledge in sales have been very instrumental towards the growth of the Company. He also sits on the board for several private limited companies.

Other Directorship of Public Companies :
None

Details of Any Board Committee to which He Belongs :
He is a member of the ESOS and the Risk Management Committees of the Company.

Number of Board Meetings Attended in the Financial Year :
6/6

BOARD OF DIRECTORS

(cont'd)



Hey Shiew Hoe

Age :
46

Nationality :
Malaysian

Position in the Company :
Executive Director

Qualification :
Holds a degree in Bachelor of Science in Industrial and Systems Engineering from The Ohio State University, United State of America in 1986.

Working Experience :
He was appointed as an Executive Director of the Company on 3rd September, 2004. He is a co-founder of BP Plastics Sdn Bhd. He started his career in a plastic manufacturing company upon his graduation in 1986. He was responsible for the strategic planning and total management of the manufacturing operations, infrastructure upgrading and development, technical improvement and support to the production team ever since the business set up of BP Plastics Sdn Bhd. He also sits on the board for several private limited companies.

Other Directorship of Public Companies :
None

Details of Any Board Committee to which He Belongs :
He is a member of the Remuneration and the ESOS Committees of the Company. He is also the Chairman of the Risk Management Committee of the Company.

Number of Board Meetings Attended in the Financial Year :
6/6



Boo Chin Liong

Age :
48

Nationality :
Malaysian

Position in the Company :
Independent Non-Executive Director

Qualification :
Holds a Bachelor of Law (Honours) degree from the University of Malaya in 1985 and was called to Bar in 1986.

Working Experience :
He was appointed as an Independent Non-Executive Director of the Company on 3rd September, 2004. He is an advocate and solicitor and has been in active legal practice since 1986. He is a founding partner of Messrs. C. L. Boo & Associates. He also sits on the board for several private limited companies.

Other Directorship of Public Companies :
He sits on the board of Changhuat Corporation Bhd and Poh Huat Resources Holdings Bhd, companies all listed on Bursa Malaysia Securities Berhad

Details of Any Board Committee to which He Belongs :
He is the Chairman of the Nomination Committee of the Company. He also is the member of the Audit and the Remuneration Committees of the Company.

Number of Board Meetings Attended in the Financial Year :
6/6

BOARD OF DIRECTORS

(cont'd)



Koh Chin Koon

Age :
39

Nationality :
Malaysian

Position in the Company :
Independent Non-Executive Director

Qualification :

Holds a Bachelor Degree of Accounting (Hon) from University of Malaya in 1995 and joined Malaysia Institute of Accountants (MIA) and Malaysia Institute of Taxation (MIT) in 1999 and 2000 respectively.

Working Experience :

He was appointed as an Independent Non-Executive Director of the Company on 3rd September, 2004. He was employed by Arthur Andersen & Co (Malacca Branch) as a Tax Assistant after he completed his Bachelor Degree and promoted as Tax Experience Senior during the employment. He left Arthur Andersen & Co and joined Chin & Co as a Tax Manager in 2000. After obtained a wide range of experience from his last employment involved in advising clients including private companies, public listed companies and government organizations, he set up Koh & Siow Management Services in 2001. He is also an approved tax agent under section 153(3)(b) pursuant to Income Tax Act, 1967 by Ministry of Finance since 2001. He also sits on the board for several private limited companies.

Other Directorship of Public Companies :

He is an Independent Non-Executive Director of Impressive Edge Group Berhad, a company listed on the Bursa Malaysia Securities Berhad for Mesdaq Market. He is also the Independent Non-Executive Director of SKP Resources Bhd, a company listed on the Bursa Malaysia Securities Berhad.

Details of Any Board Committee to which He Belongs :

He is a member of the Remuneration and the Nomination Committees of the Company. He is also the Chairman of the Audit Committee of the Company.

Number of Board Meetings Attended in the Financial Year :
6/6



Lim Kim Hock

Age :
43

Nationality :
Malaysian

Position in the Company :
Independent Non-Executive Director

Qualification :

Member of the Malaysian Institute of Accountants, Member of the Malaysian Institute of Taxation; and Member of the Institute of Chartered Accountants in England and Wales (ICAEW). He holds a Bachelor Degree in Accountancy in the United Kingdom in 1988 and Chartered Accountancy (Institute of Chartered Accountants in England and Wales) qualification in 1992.

Working Experience and Occupation :

He started his articleship at Garners, Chartered Accountants, United Kingdom in 1988 until 1992. He joined Price Waterhouse in 1992 and was promoted to the position of Senior Consultant before he left the firm 3 years later to head the Finance Division of a subsidiary of Arab- Malaysian Development Berhad. Subsequently, he joined the Rashid Hussain Berhad Group and his employment stint with the group included a 2½ years overseas posting as the Director and Head of Finance and Administration for the group's subsidiary in Indonesia prior to joining Xian Leng Holdings Berhad as a Director from 2000 to 2006. He is currently in public practice as a Chartered Accountant and the Managing Director of Alliance Corporate Taxation Services Sdn. Bhd., a tax advisory and consulting company. He also sits on the Board for several private limited companies.

Other Directorship of Public Companies :

He sits on the Board of Xian Leng Holdings Berhad, a company listed on Bursa Malaysia Securities Berhad.

Details of Any Board Committee :

He is a member of the Audit and the Nomination Committees of the Company. He is also the Chairman of the Remuneration Committee of the Company.

Number of Board Meetings Attended in the Financial Year :
5/6 (Appointed on 22/2/2008)

BURSA SECURITIES LISTING REQUIREMENTS COMPLIANCE INFORMATION

FAMILY RELATIONSHIP WITH THE DIRECTOR AND SUBSTANTIAL SHAREHOLDERS.

Mr. Tan See Khim and Mr. Lim Chun Yow are brother-in-law of Mr. Hey Shiow Hoe. They are the directors and substantial shareholders of the Company. Mr. Lim Chun Yow, Mr. Tan See Khim and Mr. Hey Shiow Hoe are also the directors and substantial shareholders of LG Capital Sdn Bhd, the substantial shareholder of the Company.

Save as disclosed above, none of the Directors of the Company has any relationship with any directors or substantial shareholders of the Company.

SHARE BUY-BACK

During the financial year ended 31 December 2008, BP Plastics Holding Bhd ("BPPLAS") bought back a total of 5,000 of its ordinary shares of RM0.50 each ("BPPLAS Shares") which are listed and quoted on the Main Board of Bursa Malaysia Securities Berhad ("BPPLAS Ordinary Shares") in the open market. The details of the BPPLAS Shares bought back during the year are as follows:

Monthly breakdown 2008	Number of BPPLAS Shares bought back	Buy Back Price Per BPPLAS Ordinary Shares (RM)			Average Cost Per BPPLAS Ordinary Shares*	Total Cost* (RM)
		Lowest	Highest	Average	(RM)	
September	5,000	0.40	0.40	0.40	0.41	2,043
Total	5,000	0.40	0.40	0.40	0.41	2,043

(*) Inclusive of transaction cost

All the BPPLAS Ordinary Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965. As at 31 December 2008, a total of 5,000 BPPLAS Shares bought back were held as treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities were issued by BPPLAS or exercised during the financial year ended 31 December 2008, except for the exercise of share options under the BP Plastics Holding Bhd Employees Share Option Scheme as disclosed in Note 21 to the financial statements.

AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR)

During the financial year, the Group did not sponsor any ADR or GDR programmes.

SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Group and its subsidiaries, Directors, or management by any regulatory bodies during the financial year ended 31 December 2008.

NON-AUDIT FEES

The amount of non-audit fees paid to external auditors by the Group for the financial year ended 31 December 2008 amounted to RM29,800.

VARIATION IN RESULTS

There were no variances of 10% or more between the audited results and the unaudited results of the Group for the financial year ended 31 December, 2008.

BURSA SECURITIES LISTING REQUIREMENTS COMPLIANCE INFORMATION

(cont'd)

PROFIT GUARANTEE

There were no profit guarantees given by the Company and its subsidiary companies during the financial year ended 31 December 2008.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest, either subsisting at the end of the financial year ended 31 December 2008 or, if not then subsisting, entered into since the end of the previous financial year.

REVALUATION POLICY ON LANDED PROPERTIES

The Company has adopted a regular revaluation policy on landed properties. Revaluation is made at least once in every five (5) years based on a valuation by an independent valuer on an open market value basis. The last revaluation was done in the financial year ended 31 December, 2004.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE NATURE

There were no material recurrent related party transaction of a revenue nature during the year other than those disclosed in Note 28 to the financial statements.

CONVICTION FOR OFFENCES

None of the Directors has been convicted for any offences within the past ten (10) years other than traffic offences, if any.

CONFLICT OF INTERESTS

Save as disclosed below, none of directors and substantial shareholders of the Company are engaged in any existing and potential related party transactions and conflict of interest in relation to the corporation and its related parties. The related party transactions, which may or may not result in conflicts of interest, are transactions entered into by the Company and its subsidiaries which involve the interest, direct or indirect, of a related party:-

- a) During the financial year ended 31 December, 2008, BP Plastics Sdn Bhd, the subsidiary of the Company purchased printing materials amounting to approximately RM5,875/- from Libraprint & Advertising, a company in which Mr. Hey Shiow Hoe's brother has an interest.
- b) Pursuant to a written agreement dated 1 September, 2004 between BP Plastics Sdn Bhd and Madam Hey Sio Tong ("HST"), the spouse of Mr. Tan See Khim, BP Plastics Sdn Bhd had paid a monthly rental of RM1,100.00 to HST for the purposes of renting an apartment bearing the postal address A-05-04, Vista Komanwel, Bukit Jalil, 57000 Kuala Lumpur and measuring approximately 1,422 square feet.

SHAREHOLDINGS IN THE COMPANY

The direct and indirect interests in shares in the Company for those who were directors at the end of the financial year according to the Register of Directors' shareholdings are set out in the Directors' Report, page 62 to 63 of the Annual Report.

CHAIRMAN'S STATEMENT

Dear Shareholders of BP Plastics Holding Bhd,

On behalf of the Board of Directors, I am pleased to present the 2008 Annual Report and Audited Financial Statements of BP Plastics Holding Bhd (BPPLAS) and its Group of Company for the financial year ended 31 December 2008 ("FY 2008").

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2008, BPPLAS achieved a turnover of RM233.49 million and profit before tax of RM16.07 million compared to a turnover of RM204.8 million and profit before tax of RM14.03 million in 2007.

Although the turnover for the year under review increased by 14% and profit before tax improved by 14.5% respectively, the group recorded a marginally lower profit after tax of RM11.73 million compared to RM11.84 million in FY2007 mainly due to a higher effective tax rate, higher operating expenses and the lower valuation of inventory. Effectively the financial performance has improved as compared with FYE 07 after taking into account such factors.

Stronger export sales contributed to the group improved performance in the H1 2008 but the rapid global demand contraction impeded our growth during the Q4 2008 and an unprecedented deterioration in global commodity prices affected the group stock inventory valuation which dragged down the group overall profit performance in 2008.

EPS in 2008 was 6.51 sen as compared to 6.57 sen in 2007.

DIVIDEND

The board has proposed a first and final tax exempt dividend of 2 sen per share totalling RM3,602,315 or 4% per share for FY 2008 (3 sen per share totalling RM3,602,415 or 6% per share for FY2007) subject to the approval the shareholders in the forthcoming 5th Annual General meeting of the company.

CORPORATE GOVERNANCE

BPPLAS is honored and proud to be selected as a candidate of the Top 100 Good Corporate Governance PLC by the Minority Shareholders Watchdog Group Malaysia ("MSWG"). BPPLAS was ranked no. 41 amongst the 960 PLCs in Corporate Governance Survey Report 2008, a joint survey conducted by MSWG and the University of Nottingham.

The Board of Directors shall continue to exercise pivotal roles and control in guiding the management team to proactively implement, review and upgrade the appropriate business policies, guidelines and procedures when necessary to ensure that BPPLAS always adheres to the highest standard level of corporate governance, transparency, integrity and professionalism in carrying out its business activities and practices which promotes and enhance long-term interest beneficial to shareholders values.

CHAIRMAN'S STATEMENT

(cont'd)

OUTLOOK AND PROSPECTS

The effects of the financial crisis in the year under review has resulted in the collapse of global commodity prices, contracted demand in the OECD countries leading to unstable global economy conditions. The International Monetary Fund ("IMF") has forecasted that the world economy to grow at 0.5% in 2009. The Top 3 global economies, US, Europe Zone and Japan are already submerged into recession but developing Asia will probably expand by 5.5% and 6.9% in 2009 and 2010 respectively.

The Bank Negara 2008 report states that Malaysia with its open and export economy suffered from the deterioration of global economic demand and recorded only 0.1% GDP growth in the Q4 2008. Overall, Malaysia achieved only 4.6% GDP growth in 2008 (2007: 6.3%). Malaysia's manufacturing sector output shrank by 8.8% in Q4 08 vs 1.8% growth in 3Q08 and export – oriented industries was the worst performing sub sector with output stringing by -12.3% vs 3Q08: - 1.1%.

In light of the unprecedented global economic recession and demand contraction since World War II, the global and regional countries leaders will be forced by common economic objectives to ensure the protection of the global economy by implementing coordinated unorthodox measures stimulus packages to beef up their individual countries domestic consumption. Bank Negara decisive and swift action to cut overnight policy rate (OPR) to 2% to lower down the financing cost have gone a long way to assist the export sector in reducing cost of doing business to cushion the impact of contracted global demand. Further, with the Malaysian government additional bold and comprehensive "RM60 billion Mini Budget" stimulus package II, to ensure the maintenance of the domestic demand will shield the Malaysia economy from falling into a deep and steep recession in 2009. With these measures, the Government envisage that the GDP growth of between -1% to 1% growth be achieve.

With the on going global leadership proactive policies to implement new regulatory financial framework and rigorous reform and control to restore the health of global financial system and with the US administration strong commitment and measures to revive the US economy to stimulate positive GDP growth in 2010, the group has also put in place various strategic and short term measures to focus on cost reduction, continuation to improve efficiency and productivity to enhance the group competitiveness, continuation to broaden and expanding its market share, focussing on various long term sustainability activities to propel the group to benefit from the first sign of economic recovery.

The group shall continue to manage prudently and to sustain its earning momentum to achieve reasonable profit in 2009 under such challenging economic outlook.

Given the unique value proposition of polyethylene packaging film of light weight, durable and functionality to improve and enhance the quality of life for the mankind, the demand for the industrial plastic packaging film, regardless of stretch, shrink, lamination film and industrial plastic bags shall not be adversely affected in the medium and long term since there is no other cheaper and better ready replacement product regardless of environmentalist pressure.

The demand for polyethylene packaging products should return sooner than expected once the effects of the unprecedented bold fiscal and monetary stimulus packages help to instill confidence and stimulate the domestic demand across the globe. Since Malaysia economy is not over leveraged and Asia financial system remains sound, Asean leadership with its full commitment to expand the Asean regional free trade by 2010 and the recent historical landmark signing of Asean multilateral agreement with New Zealand and Australia to establish a US\$2.3 trillion, 600 million population free trade economic zone should stimulate higher demand of polyethylene packaging goods once the Asia export economy improved.

Despite short term gloomy economy outlook, the group concurs with IMF forecast that emerging Asia economy can achieve reasonable economy growth once the global economy stabilizes. To benefit from the enlarged open and free market economy within Asia, the group shall continue to pursue sustainable economic, social and environmental strategies and to continue to research advance resin development with multilayer co-extrusion technology to produce innovative cost effective consistent thinner high quality packaging film which embraced the 3 R concepts of Reduce, Reuse and Recycle to conserve and reduce the environmental impact to achieve sustainable long term business performance going forward.

CHAIRMAN'S STATEMENT

(cont'd)

CORPORATE DEVELOPMENT

During the year, the group has successfully executed the following proposals:

- a) increasing the authorized share capital to RM200 million comprising 400 million ordinary shares of RM0.50 each.
- b) a bonus issue of 1: 2 to increase the issued and paid-up share capital to RM90,060,375.
- c) the implementation of a share buy-back scheme and bought back of 5,000 BPPLAS shares at a price of RM0.40 each and held as treasury shares.

SHAREHOLDERS VALUE

BPPLAS is fully committed to deliver superior shareholder value. The group unbroken and consistent profit record of accomplishment and board of directors' strong commitment towards corporate governance shall underpin the group performance to deliver superior long-term shareholders value. The Board has proposed to distribute 2 sen per share (3 sen 2007), approximately 31% of profit after tax of 2008 (31% 2007) to reward the shareholders.

Since listing on Bursa Malaysia Securities Berhad on 23 February, 2005, BPPLAS net tangible assets per share improved from RM0.56 to a current RM0.65 after the 1:2 Bonus issued in 2008 and the Company has also distributed a total of 15 sen tax exempt dividend to our shareholders from 2005 to 2008.

The group shall allocate approximately 20% to 40% of its net profit to reward the shareholders. The actual amount and timing of the dividend payments will depend upon the level of cash, results of our operations, business prospects going forward, our projected level of capital expenditure and other investment plans given the volatility in the global market.

CORPORATE SOCIAL RESPONSIBILITY

The group remains committed in operating its business in socially responsible practices in respect of employees, the wider environment and community. During the year, the group was awarded the ISO 14001 and ISO 18001 which has shown the group commitment to implement a positive culture of safety and health to enhance not only the working environment but also to protect and conserve the environment for our future generation.

The group has reached out to the community by supporting our local Police to build Police Booth to improve the interaction and safety in the Batu Pahat community, sponsored teachers training program to enhance their teaching skills, to improve teaching fulfillment and engagement in career to produce more quality and positive attitude students. BPPLAS has also provided structural industrial training program to allow young university students to be expose to the real working environment. In addition the management constantly conducts various structural training and coaching sessions to improve our employees' knowledge and competency at work.

APPRECIATION

On behalf of the board, I would like to sincerely thank all customers, suppliers and shareholders for their continued support and confidence in BPPLAS.

I also would like to thank the Board of Directors, management team and members of the staff of BPPLAS for their untiring commitment, dedication and loyalty in contributing to the group's continual success. Last but not least, the group would like to thank the relevant authorities, advisors, business associates, investment analysts and fund managers for their valuable advice, guidance and support they have given to the group throughout the year.

Lim Chun Yow

Chairman/ Managing Director

CORPORATE GOVERNANCE STATEMENT

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

The Board of Directors (the "Board") of BP Plastics Holding Bhd ("BPPLAS") is committed to ensure that corporate governance is practised throughout BPPLAS and its subsidiary companies (the "Group") in directing and managing the Group's businesses and affairs as a fundamental part of discharging its responsibility and to enhance the business prosperity to support the continuous growth of the Group as a long-term commitment to its shareholders and investors.

Set out below is a statement of how the Group has applied the Principles, and the extent of its compliance with Best Practices of the Malaysia Code on Corporate Governance (Revised 2007) (the "Code") pursuant to paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad (the "Listing Requirements").

A. Board of Directors

1. Board Composition and Board Balance

The Board is composed, as at the date of this Statement, of six (6) Directors, three (3) of whom are Independent Non-Executive Directors. The Board had, on 22 February 2008, appointed Mr. Lim Kim Hock as a new member of the Board. More than one-third of the Board comprises Independent Non-Executive Directors, thereby bringing independent and objective judgment to facilitate a balanced leadership in the Group as well as to provide for effective checks to safeguard the interest of the minority shareholders and other stakeholders in ensuring high standards of conduct and integrity are maintained. Whilst Mr. Lim Chun Yow, Mr. Tan See Khim and Mr. Hey Shiow Hoe represent the interests of the largest shareholders of the Company, the investment of remaining shareholders are fairly reflected in the Board's representation. The mix represents appropriately the respective size of investment by shareholders.

Mr. Lim Chun Yow, who is the Chairman and Managing Director, and the two (2) Executive Directors, namely Mr. Tan See Khim and Mr. Hey Shiow Hoe, are founders of the Company and each of them have more than 19 years of expertise and experience in the plastic packaging business, particularly the bags, sacks and film section. The extensive experience and depth of knowledge in plastic packaging industry from the three founders have enhanced their role as Executive Directors of the Company. The appointment of Mr. Lim Kim Hock as an Independent Non-Executive Director on 22 February 2008 contributes positively to the Board as he is a Chartered Accountant with experience in the areas of accounting, tax, corporate finance and various business industries. The other two Independent Non-Executive Directors are professionals in their own right with wide-ranging experience, skills and expertise in accounting, taxation and legal. The three (3) Independent Non-Executive Directors are not engaged in the daily operations and management of the Company, nor involved in any other relationship with the Company, apart from being Directors. The Independent Non-Executive Directors through their varied experiences and qualifications provide effective contribution and support to the functions of the Board. The members of the Board are persons of calibre and integrity, and they possess the necessary qualifications, experience and qualities that enable them to perform their duties effectively. The profile of each member of the Board is set out on pages 5 to 7 of this Annual Report.

2. Board Responsibilities

The Board is responsible for the overall corporate governance of the Group. The Board retains full and effective control in the Company and its overall responsibilities, as stated in the Company's board manual, focus on strategic directions, planning and execution of the Company's objectives as well as monitoring of Management's performance in implementing them. It is the responsibility of the Board, in all decisions, to conscientiously weigh the interests of shareholders and to consider the effects of decisions in the interests of all shareholders. In leading the Company and Group, the Board also has the duty to act in the best interest of the Company and the Group at all times.

Mr. Lim Chun Yow, who is the Chairman/Managing Director of the Company, leads the Board assisted by two (2) Executive Directors of the Company. The Company's board manual has set out the distinct and separate roles for the Chairman and the Managing Director of the Company. Each has a clear accepted division of responsibilities in the Company's board manual. There is also a clear demarcation of responsibilities between the roles of the Managing Director and the Executive Director to ensure a balance in both authority and power. The Chairman is primarily responsible for matters pertaining to the Board and the overall conduct and performance of the Company. The Managing Director, together with the Executive Directors of the Company, oversees the running of the Group and implementation of the Board's decisions, business strategies, and policies. The Independent Non-Executive Directors engage proactively with Management and with both the external and internal auditors.

CORPORATE GOVERNANCE STATEMENT

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

(cont'd)

A. Board of Directors (cont'd)

2. Board Responsibilities (cont'd)

Due to the relatively small size of the Group, the current size and composition of the Board is optimum and well balanced, and caters effectively to the scope of the Group's operations. The Board does not intend to appoint an Independent Chairman to the Board. It has appointed Mr. Boo Chin Liong as the senior Independent Non-Executive Director to facilitate communications of any stakeholders concerns where it could not be dealt with by the Managing Director or the Executive Directors.

The Board has also delegated certain responsibilities to other Board Committees which operate within clearly defined terms of reference. Standing Committees of the Board comprise the Audit Committee (see Report on Audit Committee set out on pages 23 to 27), the Remuneration Committee, the Nomination Committee, the Risk Management Committee and the Employees' Share Option Scheme ("ESOS") Committee.

3. Attendance of Board Meetings

Board meetings for the ensuing financial year are scheduled in advance before the end of each financial year so as to enable Directors to plan ahead and fit the year's Board meetings into their own schedule. Board meetings are scheduled at quarterly intervals with additional meetings held when necessary. Board meetings are conducted by a structured formal agenda. The Board Meeting agenda includes reviews on various aspects of the Group's operation, financial performance, business plan, strategic decisions, any major investment, the findings from both the external and internal auditors and any other proposals or other significant matters that require the expeditious direction of the Board. Special Board meetings are convened when warranted by situations such as to deliberate urgent proposals or matters that require the expeditious direction of the Board. In 2008, the Board held six meetings.

The date and time of the Board of Directors' Meeting were as follows :-

Date of the Board Meeting	Time
22 February 2008	1200
7 April 2008	1100
29 May 2008	1100
21 August 2008	1100
17 September 2008	1000
24 November 2008	1100

The details of the Directors' attendance at these Board Meetings in 2008 were as follows:-

Board of Director	Total no. of meetings held in 2008	No. of Meetings Attended
Lim Chun Yow	6	6
Tan See Khim	6	6
Hey Shiow Hoe	6	6
Boo Chin Liong	6	6
Koh Chin Koon	6	6
Lim Kim Hock (Appointed wef 22/2/2008)	6	5

The Directors are fully committed and dedicated as reflected by their full attendance at Board meetings held during the financial year ended 31 December 2008.

CORPORATE GOVERNANCE STATEMENT

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

(cont'd)

A. Board of Directors (cont'd)

4. Supply of Information and Access to Advice

All Board members are provided with relevant information of the Company and the Group to enable them to carry out their duties effectively as Directors. A full set of Board papers for each agenda including financial reports and notices are promptly communicated prior to the Board Meetings to allow for sufficient understanding of the proceedings. The Board also notes the decisions and salient issues deliberated by Board Committees through minutes of these committees. Board meetings are conducted in accordance to a structured agenda.

The Directors have a duty to declare immediately to the Board should they have any interest in transactions to be entered into directly or indirectly with the Company or the Group. The interested Directors would serve notice to the Board and thereupon abstain from deliberations and decisions of the Board on the transaction. In the event a corporate proposal is required to be approved by shareholders, the interested Directors would also abstain from voting in respect of their shareholdings relating to corporate proposal, and would further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions.

Minutes of each Board meeting are circulated to all Directors at least 7 days before the Board meeting for their perusal prior to confirmation of the minutes at the commencement of the Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation as a correct record of proceedings of the Board.

Senior Management may be invited to attend any Board meetings to provide views and explanations on certain agenda being tabled to the Board, and to furnish clarification on issues that may be raised by the Directors. The Directors have direct access to Senior Management and has complete and unimpeded access information relating to the Group in the discharge of their duties. The Directors also have the liberty to engage independent professional advice if necessary at the Company's expense. Every Board member has ready and unrestricted access to the advice and the services of the Company Secretary in ensuring the effective functioning of the Board. The Directors are also regularly updated and advised by the Company Secretary on new statutory and regulatory requirements issued by regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities. The Company Secretary serves notice to Directors on the closed period for trading the Company's shares, in accordance with the black-out period stated in Chapter 14 on Dealings in Securities of the Listing Requirements of Bursa Malaysia Securities Berhad.

5. Appointment to the Board

The Nomination Committee was formed on 4 May, 2005. The Nomination Committee will review and assess the proposed appointment of Directors, and thereupon recommends to the Board for approval. However, the Board makes all decisions on appointments after considering those recommendations. The Nomination Committee would also ensure that the Board has an appropriate balance of expertise and ability. Another objective of this Committee is to assess the effectiveness of the Board as a whole and the contribution of each individual director on an on-going basis. The Nomination Committee will review annually the required mix of skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board, identify areas for improvement, and review the succession plan for senior management in the Group.

Other responsibilities of this Committee are clearly defined in the terms of reference of the Nomination Committee. The Nomination Committee of the Company comprises entirely of Independent Non-Executive Directors and its composition is as follows:-

Members	Designation	Responsibility
Mr. Boo Chin Liong	Independent Non-Executive Director	Chairman
Mr. Koh Chin Koon	Independent Non-Executive Director	Member
Mr. Lim Kim Hock*	Independent Non-Executive Director	Member

(*) Appointed as Member wef 22 February 2008

CORPORATE GOVERNANCE STATEMENT

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

(cont'd)

A. Board of Directors (cont'd)

5. Appointment to the Board (cont'd)

The Board through the Fourth Nomination Committee Meeting to consider the background of Mr. Lim Kim Hock and the following criteria prior to appoint Mr. Lim Kim Hock as the Independent Non-Executive Director of the Company and as the member of the Audit, the Nomination and the Remuneration Committees of the Company as well as the Chairman of the Remuneration Committee of the Company :-

- i) his skills, knowledge, expertise and experience;
- ii) his professionalism;
- iii) integrity; and
- iv) meeting the "Independent test" .

The Nomination Committee upon its recent annual review carried out, is satisfied the current board make-up and they satisfied that the existing composition of the Board is optimum and well balanced, and caters effectively to the scope of the Group's operation. As presently constituted, the Board has the stability, continuity and commitment as well as capacity to discharge its responsibilities effectively. The Nomination Committee is also satisfied that all the members of the Board are suitably qualified to hold their positions as Directors of the Company in view of their respective academic and professional qualifications, experience and qualities. The Nomination Committee also through its recent annual review to assess the composition of all the Board Committees of the Company and the effectiveness of the Board Committees of the Company.

The Directors have direct access to the advice and the services of the Company Secretary who ensures that all the appointments are properly made and all the necessary information is obtained from directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligation arising from the Listing Requirements of the Bursa Malaysia Securities Berhad and other regulatory requirements.

6. Directors' Development and Training

There is a familiarization programme in place for new Directors, including visits to the Group's business and meetings with senior management where appropriate to facilitate their understanding of the Group's businesses and operations.

All Directors have completed the Mandatory Accreditation Programme ("MAP") pursuant to the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board acknowledged that the directors of the Company were through varied experience and qualifications provide effective contribution and support to the functions of the Board for the year ended 2008. The Board has empowered the directors of the Company to determine their own training requirements as they consider necessary or deem fit expedient to enhance their knowledge in new rules and regulations as well as understanding of the Group's business and operations and to keep abreast with current developments in the market place. During the year, all the board members have attended seminars and briefings to keep abreast with current market developments. The Board will evaluate and determine the training needs of its Directors on an ongoing basis to assist them to discharge their responsibilities.

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

- i) The Malaysian Managers: Essential Skill and Tools;
- ii) Measuring Productivity for Long Term Competitiveness;
- iii) Incoterms, Letters of Credit and Updated UCP 600;
- iv) Profit Making Module;
- v) National Tax Conference 2008;
- vi) National Seminar on Taxation 2008;
- vii) Tax Planning on Current Tax Issues;
- viii) Seminar Percukaian Hasil 2008 on e-Filing : Module for Tax Agents;
- ix) MIT workshop on Practitioners update;
- x) Reinvestment Allowance and Annual Budget 2009

CORPORATE GOVERNANCE STATEMENT

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

(cont'd)

A. Board of Directors (cont'd)

7. Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors for the time being and those appointed during the financial year shall retire from the office and shall be eligible for re-election. The Articles of Association of the Company also provided that all Directors are required to retire from office once every three (3) years but shall be eligible for re-election.

Directors who are appointed during the financial year are subjected to a re-election following their appointment in accordance with the Company's Articles of Association by shareholders at the Annual General Meeting ("AGM").

Directors who are retiring by rotation and standing for re-election in accordance to Article 92 of the Company's Articles of Association at the Fifth Annual General Meeting of the Company to be held at Emerald Room, Level 2, Katerina Hotel, 8 Jalan Zabedah, 83000 Batu Pahat, Johor on Tuesday, 26 May 2009 at 2.00 p.m. :-

- i) Mr. Tan See Khim
- ii) Mr. Boo Chin Liong

Details of the retiring Directors namely, Mr. Tan See Khim and Mr. Boo Chin Liong are set out in pages 5 to 6 of the Annual Report of the Company for the financial year ended 31 December, 2008.

B. Board Committees

The Board has delegated certain responsibilities to Board Committees, which operate within clearly defined terms of reference. These committees are:-

a) The Audit Committee

The Audit Committee consist of three (3) directors, three (3) of whom including the Chairman are Independent Non-Executive Directors.

The Audit Committee assists and supports the Board's responsibility to oversee the Group's operations by providing a means for review of the Group's processes for producing financial data, its internal controls, and is independent of the Group's external and internal auditors. The Audit Committee will discuss with Management and the external auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements. It is the policy of the Audit Committee to meet with the external auditors at least twice a year to discuss their audit plan, audit findings and the Company's financial statements. These meetings are held without the presence of the Executive Directors and the Management.

The terms of reference of the Audit Committee are set out under the Audit Committee Report. The Audit Committee met five (5) times during the financial year and its Report is presented on pages 23 to 27 of this Annual Report.

b) The Nomination Committee

The Nomination Committee met twice during the financial year. The Nomination Committee met to approve the principles and processes of assessing Board effectiveness and performance evaluation of senior management.

c) The Remuneration Committee

In compliance with the Code, the Board established the Remuneration Committee on 4 May, 2005. The Remuneration Committee is made up three (3) Independent Non-Executive Directors and an Executive Director. The members of the Remuneration Committee are as follows:-

CORPORATE GOVERNANCE STATEMENT

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

(cont'd)

B. Board Committees (cont'd)

c) The Remuneration Committee (cont'd)

No.	Members	Designation	Responsibility
1.	Lim Kim Hock <i>(Appointed wef 22/2/2008)</i>	Independent Non-Executive Director	Chairman
2.	Koh Chin Koon <i>(Re-designated as member wef 22/2/2008)</i>	Independent Non-Executive Director	Member
3.	Boo Chin Liong	Independent Non-Executive Director	Member
4.	Hey Shiow Hoe <i>(Appointed wef 22/2/2008)</i>	Executive Director	Member
5.	Lim Chun Yow <i>(Retired wef 22/2/2008)</i>	Chairman/Managing Director	Member

The Remuneration Committee of the Company has set up a remuneration policy framework and making recommendations to the Board on the remuneration and other terms of employment for the Executive Directors. The terms of reference of the Remuneration Committee are clearly defined by the Board to its members.

The component parts of remuneration of the directors of the Company are structured so as link rewards to corporate and individual performance in the case of executive directors. In the case of non-executive directors, the levels of remuneration are reflected by the experience and level of responsibilities. The Executive Directors will abstain from participating in the discussion with respect to their own remuneration. The determination of remuneration of Non-Executive Directors is a matter for the Board as a whole. The individual concerned has abstained from discussion and decision of his own remuneration.

The remuneration of Non-Executive Directors comprises fees and participation in the Employees Share Option Scheme ("ESOS") while the remuneration package of Executive Directors comprises basic salary, fees, bonus, and participation in the ESOS.

The Remuneration Committee will meet at least once a year to carry out the annual review of the overall remuneration policy for Directors whereupon recommendations are submitted to the Board for approval. During the meeting, the results of the Directors' evaluation conducted and rating by the Nomination Committee were presented to the Remuneration Committee. The Remuneration Committee and the Board ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives and is aligned with the interest of shareholders. The Remuneration Committee and the Board strives to reward the Directors based on accountability, fairness, and competitiveness, as prescribed in the Code and to ensure the remuneration packages of Directors are sufficiently attractive to draw in and to retain persons of high calibre. Thus, there is a formal and transparent procedure for rewarding and fixing the remuneration packages of Directors.

The Remuneration Committee of the Company has via its Fifth Remuneration Committee Meeting reviewed annually the performance of all Executive Directors and the Chairman/Managing Director of the Company and recommended to the Board specific adjustments in remuneration that includes the reward payments which commensurate with their contributions during the year.

The breakdown of the remuneration of the Directors of the Company for the financial year ended 31 December, 2008 is as follows:-

Total Remuneration	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Fees	150	70	220
Salary and Bonus	1,365	-	1,365
Allowances	-	8.5	8.5
Employees Provident Fund	259	-	259
	1,774	78.5	1852.5

CORPORATE GOVERNANCE STATEMENT

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

(cont'd)

B. Board Committees (cont'd)

c) The Remuneration Committee (cont'd)

Number of Directors whose remuneration falls within the following bands:-

	Number of Directors		Total
	Executive Directors	Non-Executive Directors	
RM50,000 and below	-	3	3
RM50,001 to RM100,000	-	-	-
RM100,001 to RM150,000	-	-	-
RM150,001 to RM200,000	-	-	-
RM200,001 to RM250,000	-	-	-
RM250,001 to RM300,000	-	-	-
RM300,001 to RM350,000	-	-	-
RM350,001 to RM400,000	-	-	-
RM450,001 to RM500,000	-	-	-
RM500,001 to RM550,000	1	-	1
RM550,001 to RM600,000	1	-	1
RM600,001 to RM650,000	-	-	-
RM650,001 to RM700,000	1	-	1
	3	3	6

d) The Employees' Share Options Scheme ("ESOS") Committee

The ESOS Committee was formed on 22 September, 2004 to administer the Group's Employees' Share Options Scheme ("Scheme"). The ESOS Committee will ensure that the Scheme is administered in accordance with the by-laws approved by the shareholders of the Company.

The members of the ESOS Committee as at the date of this Statement are as follows :-

No.	Members	Designation	Responsibility
1.	Lim Chun Yow	Managing Director/Chairman	Chairman
2.	Hey Shiow Hoe	Executive Director	Member
3.	Tan See Khim	Executive Director	Member
4.	Kelly Tan Eng Seng	Administration Manager	Member

The ESOS Committee has not met during the financial year as no allocation and allotment of new shares in the share capital of the Company to the eligible employees of the Group during the year under review.

e) The Risk Management Committee

The Risk Management Committee was formed on 26 October, 2006 to ensure the Group achieves its corporate objectives by applying effective enterprise risk management control. The Risk Management Committee reviews and identifies key risks as well as oversees the overall management of all risks and further to ensure infrastructure, resources, process and systems are in place for risk management.

CORPORATE GOVERNANCE STATEMENT

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

(cont'd)

B. Board Committees (cont'd)

e) The Risk Management Committee (cont'd)

The members of the Risk Management Committee as at the date of this Statement are as follows :-

No.	Members	Designation	Responsibility
1.	Hey Shioh Hoe	Executive Director	Chairman
2.	Tan See Khim	Executive Director	Member
3.	Kelly Tan Eng Seng	Administration Manager	Member
4.	Foo See Boon	Production Manager	Member
5.	Lee Kuan Hock	Finance Manager	Member
6.	Eric Chiam	Maintenance Manager	Member
7.	Tay Peh Hwee	Technical Service Manager	Member
8.	Koh Chu How	Sales Manager	Member
9.	Gavin Tan	Assistant Costing & Compliance Manager	Member

C. Relationship with Shareholders and Investors

A key element of good corporate governance is being transparent and accountable to all stakeholders. Underlying the transparency and accountability objectives is the provision of clear, relevant, timely, comprehensive and readily assessable information to all stakeholders.

1. Dialogue between the Company and Investors

The Group values its dialogues with investors. The annual report of the Company is a key channel of communication with shareholders and investors. The shareholders and investors of the Company are kept informed of the Groups' performance, and major developments of the Group through annual report and announcements via BURSA LINK. Apart from this, financial results and other corporate information materials in the Annual Reports and Circulars to shareholders are available to enable shareholders and investors to have an overview of the Group's business activities and performance. Price-sensitive information about the Group is, however, not disclosed in these exchanges until after the prescribed announcement to the Bursa Malaysia Securities Berhad. The Group has also participated in the Capital Market Development Fund-Bursa Research Scheme (CMDf-Bursa Research Scheme) to enable investors to view Researchers Reports generated under the Scheme which is available free of charge to the public on the Bursa Malaysia Securities Berhad's website.

2. Annual General Meeting

The main forum for dialogue with shareholders of the Company is the Company's general meeting. Shareholders who attend the general meetings are encouraged to raise questions pertaining to the agenda at the general meeting. Adequate notice of the Annual General Meeting of not less than 21 days are communicated to those concerned. All Directors are available to provide feedback to questions from any shareholders during the Annual General Meeting.

An explanatory note or statement to facilitate full understanding and evaluation of issued involved will accompany items of special business included in the notice of the meeting.

3. Extraordinary General Meeting

The Board will convene an Extraordinary General Meeting if a situation arises for reasons that require shareholders to meet in between Annual General Meeting. An appropriate notice of a meeting would be communicated to shareholders in providing explanation of the intended agenda to facilitate understanding and evaluation.

CORPORATE GOVERNANCE STATEMENT

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

(cont'd)

C. Relationship with Shareholders and Investors (cont'd)

4. Investor relations

The extensive investor relations activities of the Company forms an important channel of communications with shareholders, investors and the investment community broadly. As part of fulfilling its corporate governance obligations, the Company maintains a level of disclosure and extensive communication with its stakeholders with the provision of clear, comprehensive and timely information through the readily accessible channels such as annual report, quarterly reports and press releases. This is particularly important to shareholders and investors for informed investment decision making particularly in periods of financial turmoil and extreme volatility in the market place.

The senior level of management personnel responsible for the Company's investor relations function reflects the commitment of the Group to maintaining investor relations as well as provide views and information on the Group that is appropriate and substantive to investors.

The senior management personnel in Investor Relations activities is Mr Lim Chun Yow, the Chairman and Managing Director of the Company.

D. Accountability and Audit

1. Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Company and the Group's financial positions and prospects in all their reports to shareholders, investors, and relevant Regulatory Authorities.

Timely releases of announcements on the quarterly financial statements reflect the Board's commitment to give timely and up-to-date disclosures of the Group's performance.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of financial reporting. The Audit Committee also reviews the appropriateness of the Company's and the Group's accounting policies and the changes to these policies.

The Responsibility Statement by the Directors on the annual audited financial statements of the Company and its Group pursuant to paragraph 15.27(a) of the Listing Requirements of Bursa Malaysia Securities Berhad is set out on page 30.

2. Internal Controls

The Board acknowledges its responsibilities for maintaining a sound and reliable system of internal control within the Group, covering the financial controls, the operational and compliance controls, and risk management. The internal control system involves each business unit and its key management, including the Board, and is designed to meet the Group's needs and to manage risks to which it is exposed. This is a continuing process which includes risk assessments, internal controls reviews, and internal audit checks on all companies in the Group. The purpose of this continuous process is to ensure that the Group's assets are safeguarded in the interest of preserving the investment of Shareholders.

The Company's and the Group's system of internal controls, by its nature and are designed to provide reasonable but not absolute assurance against risk of material errors, misstatement, fraud, or losses occurring. The Risk Management Committee through their half yearly meeting to ensure that the accountability for managing the significant risks identified is clearly assigned and that identified risks affecting the Company and the Group are being satisfactorily addressed on an ongoing basis.

The effectiveness of the system of internal controls of the Company and the Group is reviewed by the Audit Committee during the quarterly meetings. The review covers the operational, financial and compliance controls. The Audit Committee assists the Board in its review of the effectiveness of internal control and risk management process of the Company and the Group. The Minutes of the Audit Committee meetings are circulated to the Directors for noting and for action by the Board where appropriate. The Board has through the Audit Committee reviewed the adequacy and integrity of the Group's system of internal controls and the Board's Statement of Internal Control are on page 28 to 29 of this Annual reports.

CORPORATE GOVERNANCE STATEMENT

Pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad

(cont'd)

D. Accountability and Audit (cont'd)

3. Relationships with the Auditors

The Group's independent external auditors are essential for all shareholders by ensuring the reliability of the Group's financial statements and providing assurance of that reliability to users of these financial statements. From time to time, the external auditors will bring attention to the Audit Committee of any significant deficiency in the Group's control system. In accordance to the terms of reference of the Audit Committee, the Audit Committee to meet with the external auditors at least twice a year to discuss their audit plan, audit findings and the financial statements of the Company and the Audit Committee met the external auditors twice during the financial year without the presence of the Executive Directors and the Management. The Audit Committee also meets with the external auditors whenever it deems necessary. In addition, the external auditors are invited to attend the annual general meeting of the Company and are available to answer shareholders' questions on the conduct of the audit and the preparation and content of the audit report.

An appropriate relationship is maintained with the Group's auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both the external and internal auditors. A full Audit Committee Report and its Terms of Reference detailing its role in relation to the auditors, is set out in page 23 to 27 of this Annual Report.

Terms of engagement for the services provided by the external auditors are reviewed by the Audit Committee and approved by the Board. In reviewing terms of engagement for the services to be provided by the external auditors, the Audit Committee ensures that the independence and objectivity of the external auditors are not comprised.

The details of the statutory audit, audit-related and non-audit fees paid/payable in 2008 to the external auditors are set out below:-

Details of fees	The Company	The Group
Audit Fees	25,000	53,000
Non-Audit Fees	17,000	29,800

E. Statement of Compliance with the Code

The Board has to the best of its ability and knowledge complied with the Best Practices on Corporate Governance set out in Part 2 of the Malaysian Code on Corporate Governance.

AUDIT COMMITTEE REPORT

The Audit Committee for the financial year ended 31 December, 2008 comprises the following members:-

1. Memberships

The Board has set up an Audit Committee, which comprises the following:-

Chairman

Koh Chin Koon Independent Non-Executive Director

Members

Boo Chin Liong Independent Non-Executive Director

Lim Kim Hock Independent Non-Executive Director

Mr. Koh Chin Koon and Mr. Lim Kim Hock are members of the Malaysian Institute of Accountants.

2. Secretary

Teo Soon Mei (MAICSA No. 7018590)

3. Terms of Reference

The terms of reference of the Audit Committee are as follows:-

MEMBERSHIP

The Committee shall be appointed by the Board of Directors from amongst their number and shall consist of not less than three (3) members, a majority of whom shall be independent directors. All members of the audit committee shall be Non-Executive Directors. No Alternate Director is appointed as a member of the Committee and at least one (1) member of the Committee:-

- (a) shall be a member of the Malaysian Institute of Accountants; or
- (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
 - (i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- (c) shall be a degree/masters/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance; or
- (d) shall be 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
- (e) shall be persons who are members of professional accountancy organisations which have been admitted as full members of the International Federation of Accountants and who at least 3 years' post qualification experience in accounting or finance; or
- (f) Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad

The members of the Audit Committee shall elect a Chairman from among their number who shall be an independent director. In the event of any vacancy in Committee resulting in the non-compliance of the above stated conditions, the Company shall fill the vacancy within 3 months.

AUDIT COMMITTEE REPORT

(cont'd)

3. Terms of Reference (cont'd)

MEETING AND MINUTES

The Audit Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. Meetings shall be held not less than four (4) times a year and such additional meeting as the Chairman shall decide in order to fulfill its duties. The Company Secretary or any person appointed by the Audit Committee shall act as the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and other supporting explanatory documentation for circulation to the Committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meetings of the Audit Committee, and circulating them to Committee members and to other members of the Board of Directors. The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company. The Chairman of the Audit Committee shall also convene a meeting of the Audit Committee to consider any matters that the external auditors and/or Internal Auditor believes should be brought to the attention of the directors or shareholders. The Finance Director, Financial Controller, the Internal Auditors and a representative of the external auditors shall normally be invited to attend the meetings. Other members of the Board and employees of the Company may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting. At least twice a year, the Committee shall meet the external auditors without any executive directors present.

QUORUM

A quorum shall consist of a majority of members present who must be independent directors.

AUTHORITY

The Audit Committee is empowered and authorised by the Board of Directors at the cost of the Company:-

- (a) to investigate any matters within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group;
- (b) to have the resources in order to perform its duties as set out in its terms of reference;
- (c) to have full and unrestricted access to any information pertaining to the Company and the Group;
- (d) to have direct communication channels with the external auditors and internal auditors (if any);
- (e) to obtain external legal or other independent professional advice where necessary;
- (f) to invite outsiders with relevant experience to attend its meetings, whenever deemed necessary; and
- (g) Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

Notwithstanding anything contrary hereinbefore stated, the Committee does not have executive powers and shall report to the Board of Directors on matters considered and its recommendations thereon, pertaining to the Company and the Group.

DUTIES

The duties of the Audit Committee are as follow:-

- (a) To consider the appointment, nomination, resignation and dismissal of external auditors and their respective audit fees;
- (b) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved.
- (c) To discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management where necessary);
- (d) To do the following, in relation to the internal audit function :-
 - 1) review the adequacy of the scope, functions, competency and resources of the internal audit function, and whether its has the necessary authority to carry out its work;
 - 2) review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate action are taken on the recommendations of the internal audit function;
 - 3) review any appraisal or assessment of the performance of members of the internal audit function and their respective audit fees;
 - 4) approve any appointment or termination of senior staff members of the internal audit function; and
 - 5) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

AUDIT COMMITTEE REPORT

(cont'd)

3. Terms of Reference (cont'd)

DUTIES (cont'd)

- e) To review the effectiveness of the management information system
- f) To review the quarterly and annual financial statements of the Company and the Group with both the external auditors and management, focusing particularly on :-
 - 1) any change in accounting policies and practices;
 - 2) significant adjustment arising from the audit;
 - 3) the going concern assumption; and
 - 4) compliance with accounting standards and other legal requirements.
- g) To review the external auditors' report;
- h) To review and discuss any management letter sent by the external auditors to the Company and the management's response to such letter;
- i) To review assistance given by the employees of the Company and the Group to the external and internal auditors;
- j) To consider the report, major findings and management's response thereto on any internal investigations carried out by the internal auditors;
- k) To review all areas if significant financial risk and the arrangements in place to contain those risks to acceptance levels;
- l) To consider and review all related-party transactions entered into by the Group and the Company and potential conflict of interest situations;
- m) To review the allocation of options pursuant to the Employees' Share Options Scheme and make such statement to be included in the annual report of the Company in relation to a share scheme for employees;
- n) Any such other functions as may be agreed by the Committee and the Board.

RESPONSIBILITY

Where the Committee is of the view that a matter reported by it to the board of directors of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Bursa Malaysia Securities Berhad, the Committee has the responsibility to promptly report such matters to the Bursa Malaysia Securities Berhad or any other relevant authorities.

REVIEW OF THE COMPOSITION OF THE COMMITTEE

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

4. Summary of Audit Committee Activities During the Year

The Audit Committee held a total of five (5) meetings during the financial year ended 31 December, 2008. The Managing Director, Accountant, departmental head and a representative of the external and internal auditor normally attend the Committee meetings. Other Board members may attend meetings upon invitation by the Committee. The Minutes of the Audit Committee meetings have been extended to all members of the Board of Directors and significant issues were discussed at the Board Meetings.

The details of the attendance of each Audit Committee member was as follows:-

Audit Committee Member	Total no. of Meetings Held During the Year	Meetings Attended
Mr. Boo Chin Liong	5	5
Mr. Koh Chin Koon	5	5
Mr. Lim Kim Hock (Appointed wef 22/2/2008)	5	4
Mr. Lim Chun Yow (Retired wef 22/2/2008)	5	1

AUDIT COMMITTEE REPORT

(cont'd)

4. Summary of Audit Committee Activities During the Year (cont'd)

During the financial year, the activities undertaken by the Audit Committee included:-

- a. reviewed the quarterly unaudited financial statements of the Group and the Company prior making the recommendations to the Board of Directors for approval;
- b. reviewed inter-company transactions and/or any related party transaction or conflict of interest situations that arose within the Group or the Company;
- c. discussion on the Company's Corporate Governance process and the application of the key principles and best practices of Corporate Governance and the compliance with the Listing Requirement of the Bursa Malaysia Securities Berhad;
- d. discussion and reviewed the semi-annual returns pursuant to the Paragraph 8.02 of Chapter 8 of the Listing Requirements of the Bursa Malaysia Securities Berhad;
- e. discussion and reviewed the amendments to the Listing Requirements of the Bursa Malaysia Securities Berhad;
- f. discussion and reviewed the annual audited financial statements of the Group and the Company for the financial year ended 31 December, 2007 and made recommendations to the Board of Directors for approval;
- g. discussion and reviewed the external auditors' scope of work and the audit planning memorandum for the financial year ended 31 December, 2008;
- h. Evaluated the performance of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration.
- i. reviewed with the external auditors the results of the annual audit, their audit and Management letter together with Management's response to the findings of the external auditors.
- j. discussion and reviewed the staffing requirements of the Internal auditors, skills and the core competencies of the internal auditors and made recommendations to the Board of Directors on the appointment of internal auditors of the Company.
- k. discussion and reviewed the internal auditors' scope of work and the audit planning memorandum for the financial year ended 31 December, 2008;
- l. discussion and reviewed internal auditors' audit methodology in assessing and rating risks of auditable areas.
- m. discussion and reviewed the interim audit findings from the Internal Auditors for the financial year ending 31 December, 2008;
- n. discussion and reviewed the risk management report from Risk Management Committee which were tabled during the year, the recommendations made and Management response to these recommendations;
- o. reviewed the allocation of options pursuant to the Employees' Share Option Scheme of the Company; and
- p. discussion and reviewed the corporate proposals of the Company;

5. Review of Employees' Share Option Scheme ("ESOS")

During the year, no options pursuant to ESOS being offered to the eligible employees of the Group and the Non-Executive Directors of the Company pursuant to the ESOS of the Company. The Audit Committee had on 24 November 2008 reviewed the previous allocation of options under the ESOS of the Company.

6. Internal Audit Function

The Audit Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control. The Audit Committee is supported by the internal auditors of the Company in the discharge of its duties and responsibilities.

The Company engaged Messrs KPMG to carry out the internal audit function of the Group for the financial year ended 31 December, 2008. The primary function of the internal audit was to independently carry out a review of the existing systems, controls and procedures and thereafter provides such recommendations that would assist to further enhance the existing internal control. During the year, the Company managed to conduct the risk assessment review by the Risk Management Committee. This includes evaluation of processes where significant risks are identified, assessed and managed to ensure that the balance scorecard of the Company to be finalized and instituted controls are appropriate and effectively applied according to the Group's risk management policies. The Company also set up a Risk Management Committee during the year to carry out the ongoing process of monitoring the effectiveness of application of policies, processes and activities related to risk management and corporate governance processes. The Audit Committee will report to the Board on significant findings and results.

AUDIT COMMITTEE REPORT

(cont'd)

6. Internal Audit Function (cont'd)

The total costs incurred for the Internal Audit function of the Group for 2008 is as follows:-

	RM
Group	22,000

Further details of the activities of the internal audit are set out in the Statement on Internal Control.

INTERNAL CONTROL STATEMENT

INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Pursuant to Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), directors of a listed company are to include in its annual report a statement on the state of the internal controls of the company as a group. This Statement of Internal Control has been prepared in compliance with the Listing Requirements of Bursa Malaysia and in accordance with the guidance in the Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Internal Control Guidance").

BOARD RESPONSIBILITY

The Board recognises that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. This includes reviewing the adequacy and integrity of financial, operational and compliance controls and risk management procedures.

The Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing this objective, the system of internal control of the Group can only serve to provide reasonable and not absolute assurance that material misstatement or loss are managed appropriately and communicated to the Board on a timely basis.

THE GROUP'S SYSTEM OF INTERNAL CONTROL

Monitoring Mechanisms and Management Style

The Board entrusts the daily running of the business to the Managing Director and his management team. The Managing Director and his management team receive timely information pertaining to performance and profitability of the Group through timely reports which include quantitative and qualitative trends and analyses through its fully computerised information system.

The Managing Director plays a pivotal role in communicating the Board's expectations of an internal control system to management. This is achieved, on a day-to-day basis, through his active participation in the operations of the business as well as his attendance at various scheduled management committee meetings. The management committee, which comprises Heads of Department, meets timely to discuss on Production, Operational, Sales and Human Resource issues. These meetings represent the platform by which the Group's activities are monitored to ensure timely identification and resolution of any critical issues. The Managing Director monitors the progress of these issues through daily interaction with the management committee and the reviews of the management committee minutes.

The Group practises an "open door" policy whereby Executive Directors, Senior Management and Executives are encouraged to voice out any matters to the Managing Director for prompt response. This culture provides opportunity for every employee of the Group to solve matters quickly and efficiently by drawing experience and knowledge from all levels of staffs within the Group.

Internal Audit

The Group has outsourced its internal audit function to an independent professional service provider to assist the Audit Committee as well as the Board of Directors in discharging their responsibilities by providing independent, objective assurance and advisory services that seeks to add value and improve the operations by considering:-

- the existence of processes to monitor the effectiveness and efficiency of operations and the achievement of business objectives;
- the adequacy and effectiveness of internal control systems for safeguarding of assets and providing consistent, accurate financial and operational data;
- risk awareness and the value and nature of an effective internal control system;
- compliance with laws, regulations, corporate policies and procedures; and
- the effectiveness of risk management, control and governance processes within the Group's operations.

The internal audit function has adopted a risk-based approach and prepared its audit strategy and plan based on the risk profiles of the major business function of the Group and in accordance with the internal audit plan approved by the Audit Committee.

In addition, as part of the requirements of the ISO 9001:2000 certification accredited to the Group, a scheduled internal quality audit is conducted each year by personnel independent of the processes being audited. Results of the audit are reported to the Managing Director.

INTERNAL CONTROL STATEMENT

(cont'd)

THE GROUP'S SYSTEM OF INTERNAL CONTROL (cont'd)

Internal Audit (cont'd)

The Group has also achieved certification for ISO14001:2004 and OHSAS 18001:1999 in Jun 2008. With this certification, the Group will ensure that all environmental aspect and impact as well as safety and health issues are appropriately addressed. Each year, there will be a surveillance audit being carried out and the report of the audit reported to the Managing Director.

Risk Management Framework

The Board recognizes that effective risk management is part of good business management practice. The Board also acknowledges that all areas of the Group's activities do involve some degree of risk and is committed to ensuring that the Group has an effective risk management framework which allows the Group to identify, evaluate, and manage risks within defined risk parameters that affect the achievement of the Group's business objectives.

The Group has implemented a formal approach to the risk management framework whereby a systematic and logical methodology risk management model has been adopted to ensure key risks are identified, evaluated, properly prioritized, owners identified with proper response time set and allowed for continuous improvement. To carry out an effective risk management framework, the Board has established a Risk Management Committee, which is chaired by an Executive Director. The Risk Management Committee will meet with the audit committee on a half yearly basis to report on the processes, findings and actions taken by management. The Risk Management Committee will continuously identify new risks by taking into consideration the Groups' business objective, strategies and targets and external environmental factors. This covers matters such as, responses to significant risks identified, output from monitoring processes, and changes made to the internal control systems. The Audit Committee or Risk Management Committee then reports to the Board any significant changes in the business and the external environment.

Other Internal Control Processes

Apart from risk management and internal audit, the Group's system of internal controls also comprises the following key elements:-

- Well defined lines of responsibility, delegation of authority, segregation of duties and flow of information in the organization structure. Besides the predominantly non-executive standing committees, such as, the Audit, the Remuneration, the Nomination and the Option Committees, the Executive and Management Committees will support the Board. These committees convene regular board and management meetings to assess performance and controls in all facets of operations;
- The ISO 9001:2000 Quality Management System is in place to monitor and ensure the quality of the Group's products and services meet customers' expectations;
- Training and development programmes are conducted to enhance staff competencies;
- The public release of quarterly reports is made on time after the review by the Audit Committee and the approval of the Board;
- The ISO 14001:2004 Environmental Management System for monitoring of environmental aspect and impact;
- The OHSAS 18001:1999 Occupational Health and Safety Management System for monitoring of safety and health;
- Monthly monitoring of results against budget with major variances being followed up and action taken by management, where necessary; and
- Monitoring mechanism in the form of scheduled Management Committee meetings on reviewing the Group's operations, financial performance and human resource matters.

THE BOARD'S COMMITMENT

To ensure that the Group achieves its corporate objectives successfully, the Board is determined to establish proactive internal controls and is committed in keeping abreast with the ever-changing business environment in order to support the Group's businesses and size of operations. Cognizant of this fact, the Board, in striving for continuous improvement, will put in place appropriate measures, when necessary, to further enhance the Group's system of internal control.

STATEMENT OF DIRECTOR'S RESPONSIBILITY

In Preparing The Financial Statements

The Companies Act, 1965 requires the Directors to prepare financial statements which give a true and fair view of the financial position of the Company and the group for each financial year. In preparing those statements, the directors have:-

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- prepared the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue its business; and
- ensured that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group thus enabling that the financial statements comply with the Companies Act, 1965. They are also responsible for taking reasonable steps to safeguard the assets of the Group through prevention of fraud and other irregularities.

The Directors confirmed that they have complied with these requirements and have a reasonable expectation that the Group has adequate resources to continue its operation for the future and will continue to adopt a going concern basis in preparing the financial statements.

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are manufacturing and trading of plastic products.

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

RESULTS

	Group RM	Company RM
Profit for the year attributable to equity holders of the Company	11,729,394	3,970,535

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

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

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2007 were as follows:

	RM
In respect of financial year ended 31 December 2007 as reported in the directors' report of that year:	
Final tax exempt dividend of 6% on every ordinary share of RM0.50 each paid on 10 July 2008	3,602,415

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31 December 2008 of 4% on 180,115,750 ordinary shares, amounting to a total dividend payable of RM3,602,315 (2 sen per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2009.

DIRECTORS

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

Lim Chun Yow
Tan See Khim
Hey Shiow Hoe
Boo Chin Liong
Koh Chin Koon
Lim Kim Hock

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, other than those arising from the shares options granted under the Employee Share Option Scheme ("ESOS").

DIRECTORS' REPORT

(cont'd)

DIRECTORS' BENEFITS (cont'd)

Since the end of previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.50 each			
	1.1.2008	Bonus issue	Sold	1.12.2008
Direct interest				
Lim Chun Yow	7,000,002	3,500,001	-	10,500,003
Tan See Khim	6,999,999	3,500,000	-	10,499,999
Hey Shiow Hoe	6,999,999	3,499,999	-	10,499,998
Boo Chin Liong	18,000	9,000	-	27,000
Koh Chin Koon	18,000	9,000	-	27,000
Indirect interest #				
Lim Chun Yow	54,110,000	27,055,000	-	81,165,000
Tan See Khim	54,110,000	27,055,000	-	81,165,000
Hey Shiow Hoe	54,110,000	27,055,000	-	81,165,000
Number of options over ordinary shares of RM0.50 each				
	1.1.2008	Granted	Exercised	31.12.2008
Lim Chun Yow	980,000	-	-	980,000
Tan See Khim	980,000	-	-	980,000
Hey Shiow Hoe	980,000	-	-	980,000
Boo Chin Liong	100,000	-	-	100,000
Koh Chin Koon	100,000	-	-	100,000

165,000 shares were deemed interested by virtue of Section 134(12) of the Companies Act, 1965.

Lim Chun Yow, Tan See Khim and Hey Shiow Hoe by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

The other director in office at the end of the financial year had no interest in shares in the Company during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its :

- authorised ordinary share capital from RM100,000,000 to RM200,000,000 through the creation of 200,000,000 ordinary shares of RM0.50 each; and
- issued and paid-up share capital from RM60,040,250 to RM90,060,375 by way of the issuance of 60,040,250 ordinary shares of RM0.50 each through a bonus issue on the basis of one (1) new ordinary share of RM0.50 each for every two (2) existing ordinary shares of RM0.50 each held in the Company, by way of capitalisation of RM30,020,125 from the retained earnings.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

DIRECTORS' REPORT

(cont'd)

TREASURY SHARES

During the financial year, the Company repurchased 5,000 of its issued ordinary shares from the open market at the price of RM0.40 per share. The total consideration paid for the repurchase including transaction costs was RM2,043. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. Further relevant details are disclosed in Note 20 to the financial statements.

EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Option Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 10 January 2005. The ESOS was implemented on 15 February 2005 and is to be in force for a period of 5 years from the date of implementation.

The salient features and other terms of the ESOS are disclosed in Note 21 to the financial statements.

There were no options being granted during the financial year, thus no disclosure on the names of option holders is required.

Details of options granted to directors are disclosed in the section on Directors' Interests in this report.

OTHER STATUTORY INFORMATION

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

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 14 April 2009

Lim Chun Yow

Tan See Khim

Melaka, Malaysia

STATEMENT BY DIRECTORS

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

We, **Lim Chun Yow** and **Tan See Khim**, being two of the directors of **BP Plastics Holding Bhd.**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 37 to 61 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 14 April 2009

Lim Chun Yow

Tan See Khim

Melaka, Malaysia

STATUTORY DECLARATION

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

I, **Lim Chun Yow**, being the director primarily responsible for the financial management of **BP Plastics Holding Bhd.**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 37 to 61 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed **Lim Chun Yow** at
Melaka in the State of Melaka
on 14 April 2009

Lim Chun Yow

Before me,
Choo Yong Chuan (M031)
Commissioner For Oaths

INDEPENDENT AUDITORS' REPORT

To The Members of BP Plastics Holding Bhd. (Incorporated In Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of BP Plastics Holding Bhd., which comprise the balance sheets as at 31 December 2008, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 37 to 61

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2008 and of its financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

OTHER MATTERS

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

Ernst & Young
AF: 0039
Chartered Accountants

Lee Ah Too
No. 2187/09/09(J)
Chartered Accountant

Melaka, Malaysia
Date: 14 April 2009

INCOME STATEMENTS

For The Year Ended 31 December 2008

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Revenue	3	233,488,146	204,789,265	4,760,000	43,000,000
Cost of sales		(205,027,156)	(177,474,535)	-	-
Gross profit		28,460,990	27,314,730	4,760,000	43,000,000
Other income	4	2,604,917	1,126,546	-	377
Administrative and general expenses		(8,899,885)	(8,549,140)	(788,465)	(366,872)
Selling expenses		(5,818,879)	(5,593,945)	-	-
Operating profit		16,347,143	14,298,191	3,971,535	42,633,505
Finance costs		(274,617)	(267,145)	-	-
Profit before tax	5	16,072,526	14,031,046	3,971,535	42,633,505
Income tax expense	8	(4,343,132)	(2,192,126)	(1,000)	(6,885,000)
Profit for the year		11,729,394	11,838,920	3,970,535	35,748,505
Earnings per share					
attributable to equity holders of the Company (sen):	9	6.51	6.57		

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

BALANCE SHEETS

As At 31 December 2008

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
ASSETS					
Non-current assets					
Property, plant and equipment	11	61,287,980	66,010,319	-	-
Prepaid land lease payments	12	5,929,452	6,063,408	-	-
Investment in subsidiaries	13	-	-	38,279,169	38,279,169
		<u>67,217,432</u>	<u>72,073,727</u>	<u>38,279,169</u>	<u>38,279,169</u>
Current assets					
Inventories	14	15,255,275	35,733,477	-	-
Trade receivables	15	22,677,983	32,768,049	-	-
Other receivables	16	117,233	214,086	61,454,100	61,182,454
Cash and bank balances	17	34,589,114	15,277,665	211,017	126,942
Tax recoverable		124,402	1,520,189	124,402	103,595
		<u>72,764,007</u>	<u>85,513,466</u>	<u>61,789,519</u>	<u>61,412,991</u>
TOTAL ASSETS		<u>139,981,439</u>	<u>157,587,193</u>	<u>100,068,688</u>	<u>99,692,160</u>
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	18	90,060,375	60,040,250	90,060,375	60,040,250
Share premium	19	3,492,762	3,492,762	3,492,762	3,492,762
Treasury shares	20	(2,043)	-	(2,043)	-
Retained earnings	22	23,265,985	45,159,131	6,258,520	35,910,525
Total equity		<u>116,817,079</u>	<u>108,692,143</u>	<u>99,809,614</u>	<u>99,443,537</u>
Non-current liabilities					
Term loans	23	645,049	1,606,675	-	-
Deferred tax liabilities	24	9,750,558	9,259,426	-	-
		<u>10,395,607</u>	<u>10,866,101</u>	<u>-</u>	<u>-</u>
Current liabilities					
Term loans	23	1,364,928	1,654,351	-	-
Trade payables	25	7,197,160	33,101,249	-	-
Other payables	26	3,054,652	3,273,349	259,074	248,623
Tax payable		1,152,013	-	-	-
		<u>12,768,753</u>	<u>38,028,949</u>	<u>259,074</u>	<u>248,623</u>
Total liabilities		<u>23,164,360</u>	<u>48,895,050</u>	<u>259,074</u>	<u>248,623</u>
TOTAL EQUITY AND LIABILITIES		<u>139,981,439</u>	<u>157,587,193</u>	<u>100,068,688</u>	<u>99,692,160</u>

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

STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 December 2008

	Note	Share capital RM	Non- distributable Share premium RM	Non- distributable Treasury shares RM	Distributable Retained earnings RM	Total RM
GROUP						
At 1 January 2007		60,040,250	3,492,762	-	39,324,236	102,857,248
Profit for the year, representing total recognised income and expense for the year		-	-	-	11,838,920	11,838,920
Dividends	10	-	-	-	(6,004,025)	(6,004,025)
At 31 December 2007		60,040,250	3,492,762	-	45,159,131	108,692,143
Profit for the year, representing total recognised income and expense for the year		-	-	-	11,729,394	11,729,394
Issuance of bonus shares		30,020,125	-	-	(30,020,125)	-
Treasury shares		-	-	(2,043)	-	(2,043)
Dividends	10	-	-	-	(3,602,415)	(3,602,415)
At 31 December 2008		90,060,375	3,492,762	(2,043)	23,265,985	116,817,079
COMPANY						
At 1 January 2007		60,040,250	3,492,762	-	6,166,045	69,699,057
Profit for the year, representing total recognised income and expense for the year		-	-	-	35,748,505	35,748,505
Dividends	10	-	-	-	(6,004,025)	(6,004,025)
At 31 December 2007		60,040,250	3,492,762	-	35,910,525	99,443,537
Profit for the year, representing total recognised income and expense for the year		-	-	-	3,970,535	3,970,535
Issuance of bonus shares		30,020,125	-	-	(30,020,125)	-
Treasury shares		-	-	(2,043)	-	(2,043)
Dividends	10	-	-	-	(3,602,415)	(3,602,415)
At 31 December 2008		90,060,375	3,492,762	(2,043)	6,258,520	99,809,614

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

CASH FLOW STATEMENTS

For The Year Ended 31 December 2008

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	16,072,526	14,031,046	3,971,535	42,633,505
Adjustments for:				
Depreciation of property, plant equipment	6,062,889	5,456,061	-	-
Amortisation of prepaid land lease payments	133,956	133,956	-	-
Loss/(gain) on disposal of property, plant and equipment	7,453	(11,155)	-	-
Bad debts written off	84,074	215,641	-	-
Dividend income	-	-	(4,760,000)	(43,000,000)
Interest expense	274,617	267,145	-	-
Interest income	(461,905)	(400,300)	-	(377)
Operating profit/(loss) before working capital changes	22,173,610	19,692,394	(788,465)	(366,872)
Decrease/(increase) in inventories	20,478,202	(4,946,200)	-	-
Decrease/(increase) in receivables	10,102,845	(3,210,695)	15,000	(15,000)
(Decrease)/increase in payables	(26,122,786)	14,275,793	10,451	(9,134)
Cash generated from/(used in) operations	26,631,871	25,811,292	(763,014)	(391,006)
Interest paid	(274,617)	(267,145)	-	-
Taxes paid	(2,937,701)	(1,588,066)	(30,707)	(33,470)
Taxes refund	1,633,501	-	76,500	-
Net cash generated from/(used in) operating activities	25,053,054	23,956,081	(717,221)	(424,476)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	461,905	400,300	-	377
Proceeds from disposal of property, plant and equipment	20,000	23,000	-	-
Purchase of property, plant and equipment	(1,368,003)	(11,141,651)	-	-
Dividends received	-	-	4,692,400	36,115,000
Net cash (used in)/generated from investing activities	(886,098)	(10,718,351)	4,692,400	36,115,377
CASH FLOWS FROM FINANCING ACTIVITIES				
Repurchase of shares	(2,043)	-	(2,043)	-
Repayment of term loans	(1,251,049)	(1,800,242)	-	-
Dividends paid	(3,602,415)	(6,004,025)	(3,602,415)	(6,004,025)
Advances to a subsidiary	-	-	(286,646)	(29,669,708)
Net cash used in financial activities	(4,855,507)	(7,804,267)	(3,891,104)	(35,673,733)
NET INCREASE IN CASH AND BANK BALANCES	19,311,449	5,433,463	84,075	17,168
CASH AND BANK BALANCES AT BEGINNING OF YEAR	15,277,665	9,844,202	126,942	109,774
CASH AND BANK BALANCES AT END OF YEAR	34,589,114	15,277,665	211,017	126,942

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at 5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor Darul Takzim.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are manufacturing and trading of plastic products. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 14 April 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia. The Group and the Company had adopted new and revised FRSs as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis and are presented in Ringgit Malaysia (RM).

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

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

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

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(b) Property, plant and equipment and depreciation

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

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

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. 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 buildings	2%
Plant and machinery	6.67% to 10%
Tools and equipmen	10%
Office equipment, furniture and fittings	10% to 50%
Motor vehicles	20%

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(c) Impairment of non-financial assets

The carrying amounts of assets, other than investment property, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

An impairment loss is recognised in profit or loss in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Impairment of non-financial assets (cont'd)

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

(d) Inventories

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

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The cost of finished goods and work-in-progress comprise cost 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 to completion and the estimated costs necessary to make the sale.

(e) Financial instruments

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

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

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Trade receivables

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

(iii) Trade payables

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

(iv) Interest bearing loans and 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Financial instruments (cont'd)

(v) Equity instruments

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

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

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

(vi) Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements.

(f) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of 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 following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Operating leases - the Group as lessee

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

In the case of a lease of 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.

(g) Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(h) 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 goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(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 plans

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

(iii) Share-based compensation

The Company's Employee Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(j) Foreign currency transactions

Transactions in foreign currencies are recorded in Ringgit Malaysia 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 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.

(k) Revenue recognition

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

(i) Sale of goods

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

(ii) Interest income

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

(iii) Dividend income

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

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

On 1 January 2008, the Group and the Company adopted the following revised FRSs, amendments FRSs and interpretations :

- (i) FRS 107: Cash Flow Statements
- (ii) FRS 111: Construction Contracts
- (iii) FRS 112: Income Taxes
- (iv) FRS 118: Revenue
- (v) FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
- (vi) FRS 134: Interim Financial Reporting
- (vii) FRS 137: Provisions, Contingent Liabilities and Contingent Assets
- (viii) Amendment to FRS 121: The effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operations
- (ix) IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
- (x) IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
- (xi) IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- (xii) IC Interpretation 6: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
- (xiii) IC Interpretation 7: Applying the Restatement Approach under FRS 1292004 Financial Reporting in Hyperinflationary Economies
- (xiv) IC Interpretation 8: Scope of FRS 2

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Standards and interpretations issued but not yet effective

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

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

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

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

2.5 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

The following are the judgements made by the management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Inventories valuation

The Group reviews the adequacy of provision for slow moving inventories as at the balance sheet date to ensure that inventories are stated at the lower of cost and net realisable value. In assessing the extent of provision for slow moving inventories, the directors, having considered all available information, are of the opinion that these goods can be realised in the ordinary course of business. The carrying amount of inventories of the Group which are slow moving amounts to RM1,595,867 (2007 : RM1,689,338).

(b) Key sources of estimation uncertainty

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

(i) Depreciation of plant and machinery

The cost of plant and machinery for the manufacture of plastic products 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 15 years. These are common life expectancies applied in the plastic products industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

(cont'd)

3. REVENUE

Revenue of the Group and of the Company represents the following :

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Dividends from a subsidiary	-	-	4,760,000	43,000,000
Sale of goods	233,488,146	204,789,265	-	-
	<u>233,488,146</u>	<u>204,789,265</u>	<u>4,760,000</u>	<u>43,000,000</u>

4. OTHER INCOME

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest income	461,905	400,300	-	377
Gain on foreign currency exchange	2,085,772	642,252	-	-
Gain on disposal of property, plant and equipment	-	11,155	-	-
Miscellaneous	57,240	72,839	-	-
	<u>2,604,917</u>	<u>1,126,546</u>	<u>-</u>	<u>377</u>

5. PROFIT BEFORE TAX

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Audit fees	53,000	46,000	25,000	21,000
Depreciation of property, plant and equipment	6,062,889	5,456,061	-	-
Amortisation of prepaid land lease payments	133,956	133,956	-	-
Loss on disposal of property, plant and equipment	7,453	-	-	-
Non-executive directors' fees (Note 7)	78,500	53,000	78,500	53,000
Bad debts written off	84,074	215,641	-	-
Operating leases:				
- minimum lease payments for buildings	87,600	86,400	-	-
Employee benefits expense (Note 6)	9,236,676	9,268,047	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

(cont'd)

6. EMPLOYEE BENEFITS EXPENSE

	Group	
	2008 RM	2007 RM
Wages and salaries	7,590,158	7,532,423
Bonus	411,381	673,065
Social security contribution	70,154	70,981
Contributions to defined contribution plan	767,548	755,574
Other staff related expenses	397,435	236,004
	9,236,676	9,268,047

Included in the staff costs of the Group are executives directors' remuneration amounting to RM1,774,350 (2007 : RM1,756,500) as further disclosed in Note 7.

7. DIRECTORS' REMUNERATION

	Group	
	2008 RM	2007 RM
Directors of the Company		
Executive directors' remuneration :		
Salaries and other emoluments	1,260,000	1,260,000
Fees	150,000	150,000
Bonus	105,000	90,000
Defined contribution plan	259,350	256,500
Estimated money value of benefits-in-kind	41,926	57,221
	1,816,276	1,813,721
Non-executive directors' remuneration :		
Fees	70,000	48,000
Allowances	8,500	5,000
	78,500	53,000
Analysis excluding benefits-in-kind :		
Total executive directors' remuneration (Note 6)	1,774,350	1,756,500
Total non-executive directors' remuneration (Note 5)	78,500	53,000
Total directors' remuneration	1,852,850	1,809,500

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

(cont'd)

8. INCOME TAX EXPENSE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current income tax :				
Tax expense for the year	3,852,000	1,073,700	1,000	6,885,000
Deferred tax (Note 24) :				
Relating to origination of temporary differences	428,985	1,414,474	-	-
Relating to changes in tax rates	(1,522)	(371,140)	-	-
Underprovision in prior years	63,669	75,092	-	-
	491,132	1,118,426	-	-
	4,343,132	2,192,126	1,000	6,885,000

Income tax is calculated at the Malaysian statutory tax rate of 26% (2007 : 27%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective year of assessment 2009. The computation of deferred tax as at 31 December 2008 have reflected these changes.

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 Group and of the Company is as follows :

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before tax	16,072,526	14,031,046	3,971,535	42,633,505
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	4,178,857	3,788,382	1,032,599	11,511,046
Effect of income subject to tax rate of 20%	(34,584)	(36,100)	-	-
Effect on changes in tax rates on opening balance of deferred tax	(1,522)	(371,140)	-	-
Effect of income not subject to tax	(79,225)	-	(1,170,000)	(4,725,000)
Effect of expenses not deductible for tax purposes	266,159	225,525	138,401	98,954
Effect of utilisation of current year's reinvestment allowance	(50,222)	(1,287,158)	-	-
Effect of utilisation of previously unrecognised unutilised reinvestment allowance	-	(202,475)	-	-
Underprovision of deferred tax in prior years	63,669	75,092	-	-
Tax expense for the year	4,343,132	2,192,126	1,000	6,885,000

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the company.

	Group	
	2008	2007
Profit attributable to ordinary equity holders of the Company (RM)	11,729,394	11,838,920
Weighted average number of ordinary shares in issue	180,119,384	180,120,750
Basic earnings per share (sen)	6.51	6.57

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

(cont'd)

9. EARNINGS PER SHARE (cont'd)

(a) Basic (cont'd)

The comparative basic earnings per share has been restated to take into account the effect of bonus issue as disclosed in Note 18.

(b) Diluted

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares as at the year end.

10. DIVIDENDS

	Dividends in respect of Year			Dividends Recognised in Year	
	2008 RM	2007 RM	2006 RM	2008 RM	2007 RM
Group and Company					
Proposed for approval at AGM (not recognised as at 31 December):					
Final tax exempt dividend of 10% on 120,080,500 ordinary shares (5 sen per ordinary share)	-	-	6,004,025	-	6,004,025
Final tax exempt dividend of 6% on 120,080,500 ordinary shares (3 sen per ordinary share)	-	3,602,415	-	3,602,415	-
Final tax exempt dividend of 4% on 180,115,750 ordinary shares (2 sen per ordinary share)	3,602,315	-	-	-	-
	<u>3,602,315</u>	<u>3,602,415</u>	<u>6,004,025</u>	<u>3,602,415</u>	<u>6,004,025</u>

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31 December 2008 of 4% on 180,115,750 ordinary shares, amounting to a total dividend payable of RM3,602,315 (2 sen per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2009.

11. PROPERTY, PLANT AND EQUIPMENT

	* Land and buildings RM	Plant and machinery, tools and equipment RM	Office equipment, furniture fittings and motor vehicles RM	Capital work-in-progress RM	Total RM
Group					
At 31 December 2008					
Cost					
At 1 January 2008	13,577,366	72,583,217	4,705,823	1,361,516	92,227,922
Additions	23,885	517,857	173,715	652,546	1,368,003
Reclassification	385,070	248,145	-	(633,215)	-
Disposals	-	-	(44,519)	-	(44,519)
At 31 December 2008	<u>13,986,321</u>	<u>73,349,219</u>	<u>4,835,019</u>	<u>1,380,847</u>	<u>93,551,406</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

(cont'd)

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	* Land and buildings RM	Plant and machinery, tools and equipment RM	Office equipment, furniture fittings and motor vehicles RM	Capital work-in-progress RM	Total RM
Accumulated depreciation					
At 1 January 2008	1,251,175	22,184,698	2,781,730	-	26,217,603
Charge for the year	266,840	5,419,434	376,615	-	6,062,889
Disposals	-	-	(17,066)	-	(17,066)
At 31 December 2008	1,518,015	27,604,132	3,141,279	-	32,263,426
Net carrying amount	12,468,306	45,745,087	1,693,740	1,380,847	61,287,980
At 31 December 2007					
Cost					
At 1 January 2007	13,309,503	64,284,445	4,126,280	466,086	82,186,314
Additions	56,501	8,229,717	200,719	1,590,226	10,077,163
Reclassification	211,362	69,055	414,379	(694,796)	-
Disposals	-	-	(35,555)	-	(35,555)
At 31 December 2007	13,577,366	72,583,217	4,705,823	1,361,516	92,227,922
Accumulated depreciation					
At 1 January 2007	989,451	17,477,174	2,318,627	-	20,785,252
Charge for the year	261,724	4,707,524	486,813	-	5,456,061
Disposals	-	-	(23,710)	-	(23,710)
At 31 December 2007	1,251,175	22,184,698	2,781,730	-	26,217,603
Net carrying amount	12,326,191	50,398,519	1,924,093	1,361,516	66,010,319
* Land and buildings					
			Freehold agriculture land RM	Factory buildings RM	Total RM
At 31 December 2008					
Cost					
At 1 January 2008			340,000	13,237,366	13,577,366
Additions			-	23,885	23,885
Reclassification			-	385,070	385,070
At 31 December 2008			340,000	13,646,321	13,986,321

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

(cont'd)

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold agriculture land RM	Factory buildings RM	Total RM
Accumulated depreciation			
At 1 January 2008	-	1,251,175	1,251,175
Additions	-	266,840	266,840
At 31 December 2008	-	1,518,015	1,518,015
Net carrying amount	340,000	12,128,306	12,468,306
At 31 December 2007			
Cost			
At 1 January 2007	340,000	12,969,503	13,309,503
Additions	-	56,501	56,501
Reclassification	-	211,362	211,362
At 31 December 2007	340,000	13,237,366	13,577,366
Accumulated depreciation			
At 1 January 2007	-	989,451	989,451
Additions	-	261,724	261,724
At 31 December 2007	-	1,251,175	1,251,175
Net carrying amount	340,000	11,986,191	12,326,191

All the assets of the Group have been charged to banks for banking facilities granted to a subsidiary as referred to in Note 23.

12. PREPAID LAND LEASE PAYMENTS

	Group	
	2008 RM	2007 RM
At cost :		
At 1 January	6,063,408	6,197,364
Amortisation for the year	(133,956)	(133,956)
At 31 December	5,929,452	6,063,408
Analysed as :		
Long term leasehold land	652,884	666,312
Short term leasehold land	5,276,568	5,397,096
	5,929,452	6,063,408

Prepaid land lease payments are charged to banks for banking facilities granted to a subsidiary as referred to in Note 23

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

(cont'd)

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2008 RM	2007 RM
Unquoted shares, at cost	38,279,169	38,279,169

Details of the subsidiaries are as follows :

Name of subsidiaries	Country of incorporation	Proportion of ownership interest (%)		Principal activities
		2008	2007	
BP Plastics Sdn. Bhd.	Malaysia	100	100	Manufacturing of plastic products
BP Packaging Sdn. Bhd.	Malaysia	100	100	Trading of plastic products

14. INVENTORIES

	Group	
	2008 RM	2007 RM
At cost:		
Raw materials	6,761,012	24,694,922
Work-in-progress	737,666	1,969,517
Spare parts	351,890	391,144
Finished goods	-	6,988,556
	7,850,568	34,044,139
At net realisable value:		
Raw materials	3,153,195	921,264
Work-in-progress	568,438	400,182
Finished goods	3,683,074	367,892
	15,255,275	35,733,477

15. TRADE RECEIVABLES

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

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or groups of debtors.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

(cont'd)

16. OTHER RECEIVABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deposits	78,338	65,792	2,000	2,000
Prepayment	30,882	142,161	10,000	25,000
Sundry receivables	8,013	6,133	-	-
Due from a subsidiary	-	-	61,442,100	61,155,454
	<u>117,233</u>	<u>214,086</u>	<u>61,454,100</u>	<u>61,182,454</u>

The amount due from a subsidiary is unsecured, interest-free and repayable on demand.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or groups of debtors.

17. CASH AND BANK BALANCES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash on hand and at banks	12,882,326	4,650,795	211,017	126,942
Repository deposits with a licensed bank	4,900,000	700,000	-	-
Money market funds	16,806,788	9,926,870	-	-
Cash and bank balances	<u>34,589,114</u>	<u>15,277,665</u>	<u>211,017</u>	<u>126,942</u>

The weighted average effective interest rates at the balance sheet date were as follows:

	Group	
	2008 %	2007 %
Repository deposits with a licensed bank	2.52	2.60
Money market funds	2.82	3.19

The average maturities of deposits as at the end of the financial year were as follows :

	Group	
	2008 Days	2007 Days
Repository deposits with a licensed bank	2	2

There is no maturity period for money market funds as these money are callable on demand.

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd)

18. Share capital

	Group and Company			
	Number of shares of RM0.50 Each		Amount	
	2008	2007	2008 RM	2007 RM
Authorised				
At 1 January	200,000,000	200,000,000	100,000,000	100,000,000
Created during the year	200,000,000	-	100,000,000	-
At 31 December	400,000,000	200,000,000	200,000,000	100,000,000
Issued and fully paid				
At 1 January	120,080,500	120,080,500	60,040,250	60,040,250
Bonus issue	60,040,250	-	30,020,125	-
At 31 December	180,120,750	120,080,500	90,060,375	60,040,250

The new ordinary shares ranked pari passu in all respects with the existing ordinary shares of the Company.

19. SHARE PREMIUM

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

20. TREASURY SHARES

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed in an extraordinary general meeting held on 10 June 2008, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed in enhancing the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 5,000 of its issued ordinary shares from the open market at the price of RM0.40 per share. The total consideration paid for the repurchase including transaction costs was RM2,043. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

Of the total 180,120,750 issued and fully paid ordinary shares as at 31 December 2008, 5,000 are held as treasury shares by the Company. As at 31 December 2008, the number of outstanding ordinary shares in issue and fully paid is therefore 180,115,750 ordinary shares of RM0.50 each.

21. EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The Company's Employee Share Option Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 10 January 2005. The ESOS was implemented on 15 February 2005 and is to be in force for a period of 5 years from the date of implementation.

The salient features of the ESOS are as follows:

- The ESOS shall be in force for a period of five years and the Company may, if the Board deems fit upon the recommendation of the ESOS Committee, renew the ESOS for a further 5 years.
- The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

(cont'd)

21. EMPLOYEE SHARE OPTION SCHEME ("ESOS") (cont'd)

- (c) The total number of shares to be issued under the ESOS shall not exceed 15% of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares to be offered are allotted to eligible employees who are Executive Directors and members of the Senior Management of the Group. In addition, not more than 10% of the shares to be offered are allotted to eligible employees who, either singly or collectively through his associates, holds 20% or more of the issued and paid-up share capital of the Company.
- (d) The option price for each share shall be the 5-days weighted average market price of the underlying shares at the time the ESOS Options are granted, with a discount of not more than ten percent (10%) if deemed appropriate, or the par value of the ordinary shares of the Company of RM0.50, whichever is the higher.
- (e) No option shall be granted for less than 100 shares to any eligible employee.
- (f) An option granted under the ESOS shall be capable of being accepted by the grantee by notice in writing to the Company before the expiry of 30 days period from the date of offer.
- (g) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respect with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.
- (h) The options shall not carry any right to vote at a general meeting of the Company.
- (i) The persons to whom the options have been granted have no rights to participate by virtue of the options in any share issue of any other company.

The following table illustrates the number of and weighted average exercise price (WAEP) of, and movements in, share options during the year :

	Number of shares option		Weighted average exercise price	
	2008	2007	2008 RM	2007 RM
Outstanding at 1 January	6,819,000	7,374,000	1.20	1.20
Forfeited during the year	(168,000)	(555,000)	1.20	1.20
Outstanding at 31 December	6,651,000	6,819,000	1.20	1.20
Exercisable at 31 December	6,651,000	6,819,000	1.20	1.20

The options outstanding at the end of the year have a weighted average remaining contractual life of 1.2 years (2007 : 2.2 years)

22. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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22. RETAINED EARNINGS (cont'd)

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2008, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

23. TERM LOANS

	Group	
	2008 RM	2007 RM
Term loans, secured:		
Due within 12 months	1,364,928	1,654,351
Due after 12 months	645,049	1,606,675
	2,009,977	3,261,026
Maturity of borrowings:		
Within one year	1,364,928	1,432,798
More than 1 year and less than 2 years	645,049	1,432,798
Later than 2 years and not later than 5 years	-	395,430
	2,009,977	3,261,026

The weighted average effective interest rates at the balance sheet date for term loans are 2.85% (2007 : 6.08%) per annum.

The term loans are secured by way of debentures incorporating fixed and floating charge over all property, plant and equipment and prepaid land lease payments of the Group as referred to in Note 11 and Note 12.

24. DEFERRED TAX LIABILITIES

	Group	
	2008 RM	2007 RM
At 1 January	9,259,426	8,141,000
Recognised in the income statement (Note 8)	491,132	1,118,426
At 31 December	9,750,558	9,259,426

The component and movement of deferred tax liability and asset during the financial year are as follows:

	Property, plant and equipment RM	Others RM	Total RM
At 1 January 2007	8,205,470	(64,470)	8,141,000
Recognised in the income statement	1,003,758	114,668	1,118,426
At 31 December 2007	9,209,228	50,198	9,259,426
Recognised in the income statement	541,330	(50,198)	491,132
At 31 December 2008	9,750,558	-	9,750,558

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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25. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 days.

26. OTHER PAYABLES

Included in other payables of the Group in the previous year was an amount of RM200,550 due to suppliers of property, plant and equipment.

27. COMMITMENT

	Group	
	2008	2007
	RM	RM
Capital expenditure:		
Approved and contracted for property, plant and equipment	-	430,310

28. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

The Company had the following transactions with related parties during the financial year:

	Company	
	2008	2007
	RM	RM
Dividends received from a subsidiary	4,760,000	43,000,000
Payments on behalf by a subsidiary	250,939	133,940
Funds transfer from a subsidiary	3,962,415	6,312,000

The directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on negotiated and mutually agreed terms.

(b) Compensation of key management personnel

The remuneration of executive directors during the year was as follows :

	Group	
	2008	2007
	RM	RM
Salaries and other emoluments	1,260,000	1,260,000
Fees	150,000	150,000
Bonus	105,000	90,000
Defined contribution plan	259,350	256,500
	<u>1,774,350</u>	<u>1,756,500</u>

Executive directors of the Group and the Company have been granted the following number of options under the Employee Share Options Scheme ("ESOS").

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

(cont'd)

28. RELATED PARTY DISCLOSURES (cont'd)

(b) Compensation of key management personnel (cont'd)

	Group and Company	
	2008	2007
At 1 January/31 December	2,940,000	2,940,000

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 21).

29. SEGMENT INFORMATION

The segmental information is not prepared as the Group is principally involved in manufacturing and trading of plastic products which is predominantly carried out in Malaysia.

30. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks, foreign currency risk, credit risk and liquidity 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 Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 December 2008. The investment in financial assets are short term in nature and they are not held for speculative purposes but have been mostly placed in short term highly liquid investments which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group 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.

(c) Foreign exchange risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar, Singapore Dollar, Japanese Yen, and Indonesia Rupiah. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies are kept to an acceptable level.

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

	Group	
	2008	2007
	RM	RM
United States Dollar	3,903,355	(21,578,352)
Singapore Dollar	3,665,053	5,859,537
Japanese Yen	1,546,375	1,394,892
Indonesia Rupiah	1,047,902	-
	<u>10,162,685</u>	<u>(14,323,923)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

(cont'd)

30. FINANCIAL INSTRUMENTS (cont'd)

(c) Foreign exchange risk

As at balance sheet date, the Group has entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Maturity	Group	
		2008 RM	2007 RM
Forwards used to hedge anticipated sales			
- Singapore Dollar	Within 1 month	-	233,100

(d) Credit risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(e) Liquidity risk

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

(f) Fair values

The carrying amounts of term loans approximate fair values as the interest rates charged are close to market interest rates for loans of similar risk profile as at balance sheet date.

The carrying amounts of other financial assets and liabilities approximate their fair values due to their relatively short maturity period

ANALYSIS OF SHAREHOLDINGS

As At 30 March 2009

Authorized Capital	: RM200,000,000 divided into 400,000,000 shares of RM0.50 each
Issued and fully paid-up	: 180,120,750 ordinary shares of RM0.50 each
Class of shares	: RM0.50 ordinary Share
Voting Rights	: 1 vote per ordinary shares
Number of Shareholders as at 30 March 2009	: 1,889

Distribution of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	5	0.27	275	0.00
100 – 1,000	38	2.01	13,050	0.01
1,001 – 10,000 [#]	1,188	62.89	4,514,825	2.51
10,001 – 100,000	585	30.97	17,622,700	9.78
100,001 – 6,004,024 [*]	69	3.65	45,464,900	25.24
6,004,025 and above ^{**}	4	0.21	112,500,000	62.46
Total	1,889	100.00	180,115,750	100.00

Note: (*) means less than 5% of issued and paid-up share capital

(**) means 5% and above of issued and paid-up share capital

([#]) excluding a total of 5,000 ordinary shares of RM0.50 each bought-back by the Company and retained as treasury shares as at 30 March 2009.

Substantial Shareholders as at 30 March, 2009

The Substantial shareholders of BP Plastics Holding Bhd (holding 5% or more of the capital) based on the Register of Substantial shareholdings of the Company and their respective shareholdings are as follows:-

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No of shares held	% [#]	No of Shares held	% [#]
LG Capital Sdn Bhd	81,000,000	44.97	0	0
Hey Shiow Hoe	10,499,998	5.83	81,000,000 [*]	44.97
Lim Chun Yow	10,500,003	5.83	81,000,000 [*]	44.97
Tan See Khim	10,499,999	5.83	81,000,000 [*]	44.97

Note:

(*) Deemed interested by virtue of :-

i) His shareholding more than 15% in LG Capital Sdn Bhd pursuant to Section 6A of the Companies Act, 1965; and

([#]) excluding a total of 5,000 ordinary shares of RM0.50 each bought-back by the Company and retained as treasury shares as at 30 March 2009.

Directors' Interests in Related Corporations as at 30 March, 2009

By virtue of their interests in the shares of the Company, Mr. Hey Shiow Hoe, Mr. Lim Chun Yow and Mr. Tan See Khim are deemed interested in shares of all Company's subsidiaries to the extent the Company has an interest.

ANALYSIS OF SHAREHOLDINGS

As At 30 March 2009

(cont'd)

Directors' Interests in Related Corporations as at 30 March, 2009 (cont'd)

Other than as disclosed above, none of the Directors in office had any interest in the shares in the Company or its related corporations as at 30 March 2009.

Directors' Shareholdings as at 30 March, 2009

The Directors of BP Plastics Holding Bhd based in Register of Directors' shareholding and their respective shareholdings are as follows :-

Name of Directors	No of Option Granted over shares of RM0.50 each±	No of Options exercised	Direct Interest		Indirect Interest	
			No of shares held	%#	No of Shares held	%#
Hey Shiow Hoe	980,000	0	10,499,998	5.83	81,165,000*	45.06
Lim Chun Yow	980,000	0	10,500,003	5.83	81,165,000*	45.06
Tan See Khim	980,000	0	10,499,999	5.83	81,165,000*	45.06
Boo Chin Liong	100,000	0	27,000	0.02	-	-
Koh Chin Koon	100,000	0	27,000	0.02	-	-
Lim Kim Hock	0	0	0	0	-	-

Note:

(*) Deemed interested by virtue of :-

- i) His shareholding more than 15% in LG Capital Sdn Bhd pursuant to Section 6A of the Companies Act, 1965; and
- ii) His shareholding through his spouse pursuant to Section 134(12)(c) of the Companies Act, 1965.

(#) excluding a total of 5,000 ordinary shares of RM0.50 each bought-back by the Company and retained as treasury shares as at 30 March 2009.

Thirty Largest Shareholders as at 30 March, 2009

No	Shareholders	No. of Shares	%#
1	LG CAPITAL SDN BHD	81,000,000	44.97
2	LIM CHUN YOW	10,500,003	5.83
3	TAN SEE KHIM	10,499,999	5.83
4	HEY SHIOW HOE	10,499,998	5.83
5	GOH SUU HOK	7,500,000	4.16
6	LEE WEI JANG	7,500,000	4.16
7	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAMALUDIN BIN CHE MURAD	6,165,900	3.42
8	TAY KHIANG PUANG	5,543,250	3.08
9	CHENG WEE KIONG	2,676,150	1.49
10	GAN HONG LIANG	1,196,250	0.66
11	LIM CHIN SIONG	814,200	0.45
12	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SAI LIM	702,000	0.39
13	CHENG ENG LEONG	620,000	0.34
14	LIM KEW SENG	578,050	0.32
15	LEE YU YONG @ LEE YUEN YING	488,550	0.27
16	ELITE VENTURES SDN BHD	471,750	0.26
17	ABD.HAMID BIN IBRAHIM	450,000	0.25

ANALYSIS OF SHAREHOLDINGS

As At 30 March 2009

(cont'd)

Thirty Largest Shareholders as at 30 March, 2009 (cont'd)

No	Shareholders	No. of Shares	%#
18	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR HONG KIM FOOK	406,500	0.23
19	PERMODALAN PELADANG BERHAD	375,000	0.21
20	QUAH LAKE JEN	350,350	0.19
21	MD RASID BIN MOHAMAD	345,150	0.19
22	FU AH GOH @ FOO SEK CHENG	301,350	0.17
23	HADIAN BIN HASHIM	300,000	0.17
24	NG MING TIONG	298,500	0.17
25	SEE LEONG CHYE @ SZE LEONG CHYE	292,500	0.16
26	OOI CHOI KIAT	280,700	0.16
27	CHEAH CHIP FUN	270,000	0.15
28	SEE EWE BENG	255,000	0.14
29	LIM BOON LIAT	247,500	0.14
30	LIM AH BAH @ LIM LEONG YEOW	235,000	0.13

(#) excluding a total of 5,000 ordinary shares of RM0.50 each bought-back by the Company and retained as treasury shares as at 30 March 2009.

LIST OF GROUP PROPERTIES

Title/Location	Tenure/ Date of Expiry of Lease	Land/Built up area	Description/ (Existing Use)	Estimated Age of Buildings (years)	Date of Issuance of Certificate of Fitness	Net Book Value (RM'000)	The date of last revaluation/ (Acquisition)
No P.T.D. : 30911 No H.S.(D) : 32035 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 10, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 21,600 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Warehouse)	5	19.11.2003	1,555	26-Jan-04
No P.T.D. : 31030 No H.S.(D) : 32034 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 26,120 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory and Double-Storey Office Building (Office)	Single-Storey Detached Factory - 14 years Double-Storey Office Building - 12 years	08.06.1994 28.08.1996	1,798	26-Jan-04
5A, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.							
No P.T.D. : 31039 No H.S.(D) : 32031 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 5, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 15,000 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory an-annex with Double-Storey Office and Single- Storey Detached Factory (Factory)	11	29.04.1997	1,654	26-Jan-04

LIST OF GROUP PROPERTIES

(cont'd)

Title/Location	Tenure/ Date of Expiry of Lease	Land/Built up area	Description/ (Existing Use)	Estimated Age of Buildings (years)	Date of Issuance of Certificate of Fitness	Net Book Value (RM'000)	The date of last revaluation/ (Acquisition)
No P.T.D. : 31031 No H.S.(D) : 32033 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 5B, Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 20.09.2054	1.0 Acres/ 23,100 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Factory)	5	28.05.2003	2,076	26-Jan-04
No P.T.D. : 35099 No H.S.(D) : 38296 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor 8, Jalan Wawasan 4, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor.	Leasehold 60 years/ 05.10.2057	1.5 Acres/ 39,600 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Factory)	7	07.11.2001	2,758	26-Jan-04
No Hakmilik : GM 1359 Lot No.: 2408 Daerah : Batu Pahat Mukim : Linau Negeri : Johor	Freehold	3.2687 Acres	A parcel of Agricultural Land (Vacant)	NA	NA	340	26-Jan-04
No P.T.D. : 29032 No H.S.(D) : 28431 Daerah : Batu Pahat Mukim : Simpang Kanan Negeri : Johor Lot PTD 29032, Jln Wawasan 3, Kaw. Perindustrian Sri Gading, Batu Pahat, Johor.	Leasehold 60 years/ 21.09.2052	10 Acres/ 115,200 sq ft	A parcel of industrial land improved upon with a Single-Storey Detached Factory (Factory)	3	07.04.2006	8,215	26-Jan-04

NOTICE OF ANNUAL GENERAL MEETING

NOTICE BE AND IS HEREBY GIVEN THAT the Fifth Annual General Meeting of BP PLASTICS HOLDING BHD (“the Company” or “BPPLAS”) will be held at Emerald Room, Level 2, Katerina Hotel, 8 Jalan Zabedah, 83000 Batu Pahat, Johor on Tuesday, 26 May 2009 at 2.00 p.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December, 2008 together with the Reports of the Directors and Auditors thereon.
2. To declare a First and Final Tax Exempt Dividend of 4% (2 sen per share) in respect of the financial year ended 31 December, 2008 as recommended by the Directors.
3. To approve the payment of Directors' fee of RM220,000 for the financial year ended 31 December, 2008.
4. To re-elect the following retiring Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with the Article 92 of the Company's Articles of Association :-
 - i) Mr. Tan See Khim
 - ii) Mr. Boo Chin Liong
5. To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December, 2009 and to authorize the Directors to fix the Auditors' remuneration.

(Ordinary Resolution 1)

(Ordinary Resolution 2)

(Ordinary Resolution 3)

(Ordinary Resolution 4)

(Ordinary Resolution 5)

(Ordinary Resolution 6)

AS SPECIAL BUSINESS :-

To consider and if thought fit, to pass with or without modifications, the following resolutions:-

6. **Authority To Issue Share Pursuant To Section 132D of the Companies Act, 1965.**
 “That subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant government / regulatory authorities, the Directors be and are hereby authorized, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting of the Company and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares to be issued.”

(Ordinary Resolution 7)

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

AGENDA (cont'd)

7. Proposed Renewal of Authority for the Purchase by BPPLAS of its Own Shares ("Proposed Share Buy-Back")

"That, subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and are hereby authorised to purchase such number of ordinary shares of RM0.50 each in BPPLAS as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company;

AND THAT an amount not exceeding BPPLAS's total audited retained profits and share premium account at the time of purchase be allocated by BPPLAS for the Proposed Share Buy-Back. Based on the latest audited financial statements of BPPLAS as at 31 December 2008, the retained profits of BPPLAS amounted to approximately RM2,656,205 (after deducting the First and Final Tax Exempt Dividend of RM3,602,315) and the share premium account amounted to approximately RM3,492,762;

AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall continue to be in force until:

- i. the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse, unless renewed by an ordinary resolution passed by the shareholders of the Company in a general meeting either unconditionally or subject to conditions; or
- ii. the expiration of the period within which the next AGM is required by law to be held; or
- iii. revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND THAT the Directors be and are hereby authorised to act and to take all steps and do all things as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Share Buy-Back AND FURTHER THAT authority be and is hereby given to the Directors to decide in their absolute discretion to either retain the ordinary shares of RM0.50 each in BPPLAS purchased by BPPLAS pursuant to the Proposed Share Buy-Back as treasury shares to be either distributed as share dividends or resold on Bursa Securities or subsequently cancelled, or to cancel the shares so purchased, or a combination of both."

8. To transact any other ordinary business of which due notice has been given in accordance with the Companies Act, 1965.

(Ordinary Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

NOTICE OF FINAL DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders of the Company at the Fifth Annual General Meeting, a first and final tax exempt dividend of 4% (2 sen per share) in respect of the financial year ended 31 December, 2008 will be paid on 3 July 2009 to members appearing in the Register at the close of business on 15 June 2009.

A depositor shall qualify for entitlement only in respect of: -

- a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 15 June 2009 in respect of transfers;
- b) Securities deposited into the Depositor's Securities Account before 12.30 p.m. on 15 June 2009 in respect of the securities exempted from mandatory deposit; and
- c) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TEO SOON MEI

(MAICSA 7018590)

Company Secretary

Melaka

Dated: 30 April 2009

Explanatory Notes on Special Business

1. The proposed Ordinary Resolution 7, if passed, will empower the Directors to issue shares up to 10% of the issued capital of the Company for the time being for such purposes as the Directors may consider to be in the interest of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier.
2. The proposed Ordinary Resolution 8, if passed, will empower the Directors to purchase BPPLAS shares through Bursa Malaysia Securities Berhad up to ten per centum of the issued and paid-up share capital of the Company.

Detailed information on the Proposed Share Buy-Back is set out in the Share Buy-Back Statement in relation to the proposed renewal of authority for the purchase by BPPLAS of its own shares dated 30th April, 2009 despatched together with the 2008 Annual Report of the Company.

NOTES:

1. A member of the Company who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint more than (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, whether under its seal or under the hand of an officer or attorney duly authorized.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or notarially certified true copy of that power or authority shall be deposited at the Registered Office of the Company at 5A Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor not less than 48 hours before the time for holding the meeting or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
5. The right of Foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositorues) (Foreign Ownership) Regulations 1996 and the Articles of Association of the Company.
6. In respect of deposited securities, only Member whose names appear in the Record of Depositors on 18 May 2009 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

2008 ANNUAL REPORT OF THE COMPANY :

The 2008 Annual Report of the Company is in the CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholders within 4 market days from the date of receipt of the verbal or written request. Shareholders who wish to receive the printed copy of the Annual Report and who require assistance with viewing the CD-ROM, kindly contact Mr Lim Chun Yow at 07-4557633 or fax the request form for printed copy of Annual Report at 07-4556799 or send the request form to 5A Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor. You may also e-mail your request for printed copy of the Annual Report to ir@bpplastics.com.my

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PROXY FORM

Number of Shares Held



南源塑膠控股有限公司
BP PLASTICS HOLDING BHD
(644902-V)

BPPLAS

I/We _____
(Full Name in Capital Letters)

of _____
(Full Address)

being a *Member/Members of BP PLASTICS HOLDING BHD, do hereby appoint _____

_____ (Full Name in Capital Letters)

of _____ (Full Address)

or failing him, _____ (Full Name in Capital Letters)

of _____ (Full Address)

as *my/our proxy to vote for *my/our behalf at the Fifth Annual General Meeting to be held at Emerald Room, Level 2, Katerina Hotel, 8 Jalan Zabadah, 83000 Batu Pahat, Johor on Tuesday, 26 May, 2009 at 2.00 p.m. and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your votes to be casted. If no specific direction as to voting is given, the Proxy will vote or abstain for voting as his discretion.

No.	Resolutions	For	Against
As Ordinary Business			
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Directors' and Auditors' Report thereon.		
2.	To declare a First and Final Tax Exempt Dividend of 4% (2 sen per share) in respect of the financial year ended 31 December, 2008 as recommended by the Directors.		
3.	To approve the payment of Directors' fee of RM220,000 for the financial year ended 31 December 2008.		
4.	To re-elect the following retiring Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with the Article 92 of the Company's Articles of Association:-		
	i) Mr. Tan See Khim		
5.	ii) Mr. Boo Chin Liong		
6.	To re-appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 December 2009 and to authorize the Directors to fix the Auditors' remuneration.		
As Special Business			
7.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
8.	Proposed Share Buy-Back		

*Strike out whichever not applicable.

As witness my/our hand this _____ day of _____, 2009

Signature of Member/Common Seal

NOTES:

1. A member of the Company, who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991, it may appoint more than (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, whether under its seal or under the hand of an officer or attorney duly authorized.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or notarially certified true copy of that power or authority shall be deposited at the Registered Office of the Company at 5A Jalan Wawasan 2, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor not less than 48 hours before the time for holding the meeting or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
5. The right of Foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and the Articles of Association of the Company.
6. In respect of deposited securities, only Member whose names appear in the Record of Depositors on 18 May 2009 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.

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BP PLASTICS HOLDING BHD
(Company No. 644902-V)

5A Jalan Wawasan 2
Kawasan Perindustrian Sri Gading
83300 Batu Pahat
Johor Darul Takzim

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