Daibochi Plastic And Packaging Industry Bhd. (12994-W)

Annual Report **2005**

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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty Third Annual General Meeting of the Company will be held at Bunga Dahlia, Level 7, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Thursday, 18 May 2006 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS:

1. To receive and adopt the audited financial statements for the year ended 31 December 2005 and the Reports of the Directors and Auditors thereon. (Resolution 1)

2. To declare a first and final tax exempt dividend of 2 sen per share for the year ended 31 December 2005. (Resolution 2)

3. To approve Directors' fees for the year ended 31 December 2005 amounting to RM 8,800 (2004: RM 19,500). (Resolution 3)

4. To re-elect P.James Edwin A/L Louis Pushparatnam who is retiring under Article 103 of the Company's Articles of Association. (Resolution 4)

5. To re-elect Yong Jaw Teck who is retiring under Article 103 of the Company's Articles of Association. (Resolution 5)

6. To appoint the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Resolution 6)

   Notice of Nomination from a shareholder pursuant to Section 172(11) of the Companies Act, 1965 has been received by the Company for the nomination of Messrs Deloitte KassimChan, who have given their consent to act, for appointment as Auditors and of the intention to propose the following Ordinary Resolution:

   "THAT Messrs Deloitte KassimChan be and are hereby appointed as Auditors of the Company in place of the retiring auditors Messrs PricewaterhouseCoopers and to hold office until the conclusion of the next Annual General Meeting and that authority be and is hereby given to the Directors to fix their remuneration."

AS SPECIAL BUSINESS:

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

7. "That subject to the provisions of Section 132D of the Companies Act, 1965, and the approval of the relevant authorities, the Directors be and they are hereby authorised from time to time to issue and allot ordinary shares in the Company upon such terms and conditions and at such times as may be determined by the Directors to be in the interest of the Company provided always that the aggregate number of shares to be issued pursuant to this resolution shall not exceed 10% of the issued share capital for the time being of the Company." (Resolution 7)

8. To transact any other business for which due notice shall have been given.

NOTICE OF BOOK CLOSURE

NOTICE IS ALSO HEREBY GIVEN that the Register of Members will be closed from 26 May 2006 to 27 May 2006, both dates inclusive, to determine shareholders' entitlement to the dividend payment. The dividend, if approved, will be paid on 16 June 2006 to shareholders whose names appear in the Register of Members and Record of Depositors on 25 May 2006 .

A Depositor shall qualify for entitlement to the said dividend only in respect of:

(a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 25 May 2006 in respect of ordinary transfers; and

(b) Shares 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

Ms.Tan Gaik Hong, MIA 4621
Secretary
Melaka
Dated: 26 April 2006

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. Where a member appoints two or more proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company, Kompleks Daibochi Plastic, Lot 3 & 7 Air Keroh Industrial Estate, Phase IV, 75450 Melaka not less than forty-eight (48) hours before the time appointed for holding the meeting.

EXPLANATORY NOTE ON SPECIAL BUSINESS

Authority pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution proposed under item 7 above, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next Annual General Meeting.

Statement Accompanying Notice of Annual General Meeting

1. Directors who are standing for re-election at the Thirty Third Annual General Meeting are:

(a) P.James Edwin A/L Louis Pushparatnam	(Resolution 4)
(b) Yong Jaw Teck	(Resolution 5)

The profiles of the above Directors are set out in the section entitled "Profiles of Directors" on pages 6 to 7. Their securities holdings information are set out in the section entitled "Directors' Shareholdings" on page 61.

2. Details of attendance of Directors at Board Meetings

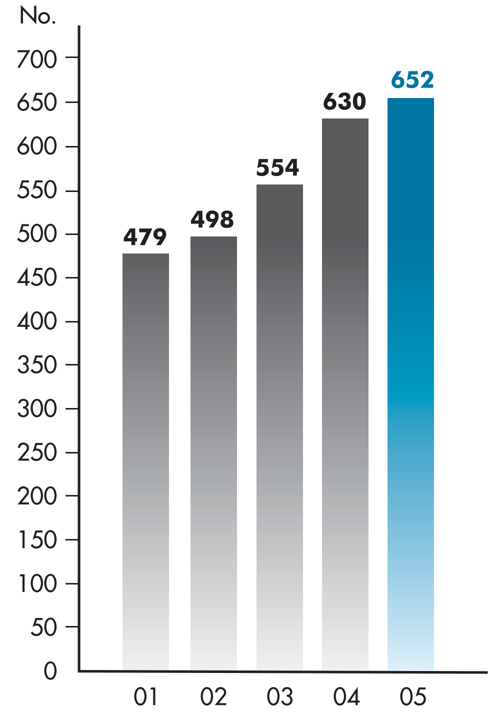
The attendance for the Directors are disclosed in their respective profiles in the section entitled "Profiles of Directors" on pages 6 to 7.

3. Place, date and time of the Annual General Meeting

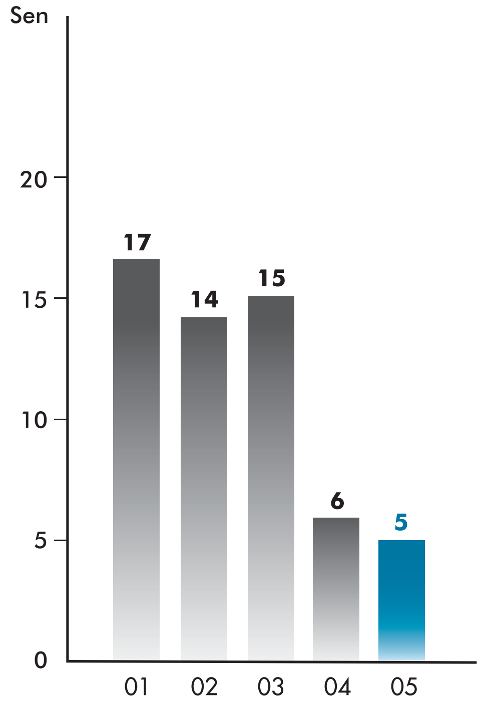
Place	Bunga Dahlia, Level 7 Renaissance Melaka Hotel Jalan Bendahara, 75100 Melaka
Date and time	18 May 2006 at 10.00 a.m.

Group Performance Charts

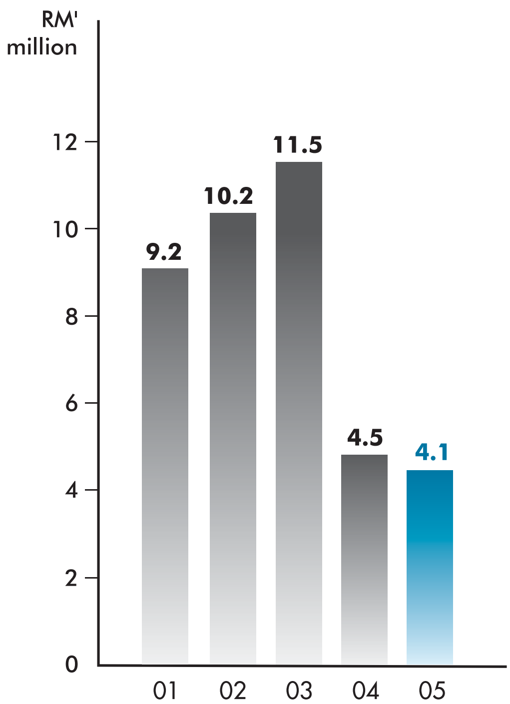
Employees



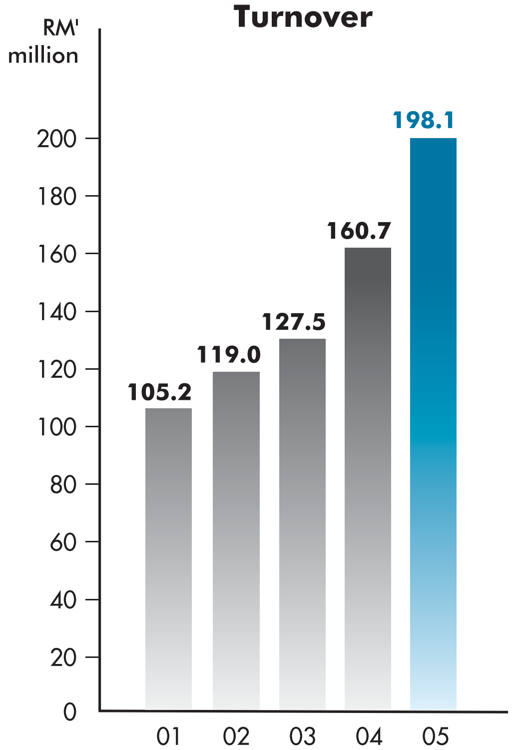
Gross earnings per share



Profit before taxation



Turnover



Corporate Information

BOARD OF DIRECTORS

P. James Edwin A/L Louis Pushparatnam
Chairman and Independent Non-Executive Director

Lim Soo Koon
Managing Director

Yong Jaw Teck
Executive Director

Y. Bhg. Datuk Wong Soon Lim
Executive Director

Low Chan Tian
Executive Director

Hiew Chee Peng
Independent Non-Executive Director

Chee Ho Chun
Independent Non-Executive Director

COMPANY SECRETARY

Ms. Tan Gaik Hong, MIA 4621

WEBSITE

www.daibochiplastic.com

CERTIFICATES

ISO 9001:2000
EN ISO 9001:2000
BS EN ISO 9001:2000
MS ISO 9001:2000
HACCP Principles of Codex Alimentarius

REGISTERED OFFICE

Kompleks Daibochi Plastic
Lot 3 & 7 Air Keroh
Industrial Estate, Phase IV
75450 Melaka
Tel No: 06-2312746
Fax No: 06-2328988

REGISTRARS

Tenaga Koperat Sdn Bhd
20th Floor Plaza Permata
Jalan Kampar
Off Jalan Tun Razak
50400 Kuala Lumpur
Tel No: 03-40416522
Fax No: 03-40426352

AUDITORS

PricewaterhouseCoopers
Chartered Accountants
12th Floor Bangunan Yayasan Melaka
Jalan Hang Tuah
75300 Melaka

PRINCIPAL BANKERS

Bumiputra Commerce (M) Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Bhd

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Board

Sector:	Industrial Products
Stock Name:	Daiboci
Stock Code:	8125

Profiles Of Directors

P. James Edwin A/L Louis Pushparatnam, Malaysian, aged 50 was appointed to the Board of Daibochi on 20 February 2003. He is an Independent Non-Executive Director and Chairman of the Board. He is also the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

He holds a degree in Bachelor of Science (Hons.) in Civil Engineering from Leeds University, England and has worked as a civil engineer in the Government. He later practised as a consultant engineer before joining a reputable housing development company in Kuala Lumpur. He also holds a Bachelor of Law (Honours) degree from the University of London. He was called to the English Bar at Lincoln's Inn in 1990 and the Malaysian Bar in 1991. In that same year, he started his own practice as an advocate & solicitor of the High Court of Malaya. He is a past president of the Malaysian Institute of Arbitrators and sits on the panel of the Malaysian Mediation Centre.

He has no family relationship with any Directors/substantial shareholders of Daibochi and has no conflict of interest with the Company. In the past ten (10) years, he has not been convicted of any offences.

He has attended all five (5) Board of Directors' meetings held during the financial year ended 31 December 2005.

Lim Soo Koon, Malaysian, aged 44 was appointed to the position of Managing Director on 1 February 2005. He is also a member of the Remuneration Committee.

He holds a degree in Bachelor of Science Industrial Engineering and Management from Oklahoma State University. He also holds a Master of Business Administration degree from Oklahoma State University. He joined the Company in 1995 and was the General Manager of the Company from 1999 before his appointment as Managing Director in February 2005. He has a wide experience in management, marketing and business development.

Mr. Lim has no family relationship with any Directors/substantial shareholders of Daibochi and has no conflict of interest with the Company. In the past ten (10) years, he has not been convicted of any offences.

Since his appointment, he has attended all four (4) Board of Directors' meetings held during the financial year ended 31 December 2005.

Yong Jaw Teck, Australian, aged 58 was appointed to the Board of Daibochi on 3 March 1997. He was the Managing Director from 1 October 1998 until his retirement from that position on 1 February 2005. Upon his retirement he remained on the Board as an Executive Director. He was one of the first Directors of the Company when he was appointed on 2 October 1972. He held the post of Managing Director from 1972 to 1979 when he resigned from the Company as he left for Australia. Mr Yong subsequently rejoined the Board in 1997.

He holds a degree in Bachelor of Applied Science with Electronic Engineering from the Western Australian Institute of Technology. He has a wide experience in general management, finance, marketing and business development.

Mr. Yong has no family relationship with any Directors/substantial shareholders of Daibochi and has no conflict of interest with the Company. In the past ten (10) years, he has not been convicted of any offences.

He has attended all five (5) Board of Directors' meetings held during the financial year ended 31 December 2005.

Y. Bhg. Datuk Wong Soon Lim, Malaysian, aged 52 was appointed to the Board of Daibochi on 16 October 1981. He is an Executive Director. He is also a member of the Audit Committee.

He is an accountant by training and is a member of the Malaysian Association of the Institute of Chartered Secretaries and Administrators. He has an extensive experience and knowledge in the field of accounting, finance, consultancy, corporate finance, manufacturing and property development.

Datuk Wong has no family relationship with any Directors/substantial shareholders of Daibochi and has no conflict of interest with the Company. In the past ten (10) years, he has not been convicted of any offences.

He has attended all five (5) Board of Directors' meetings held during the financial year ended 31 December 2005.

Low Chan Tian, Malaysian, aged 50 was appointed to the Board of Daibochi on 26 July 1995 as an Alternate Director to the late Datuk Low Kiok Boo, a founder shareholder of Daibochi until 28 March 1998 when the late Datuk Low Kiok Boo retired from the Board. Low Chan Tian rejoined the Board when he was appointed as an Executive Director on 30 March 1999.

He graduated from the University of Western Australia with a Bachelor of Engineering degree. He has a wide experience in manufacturing, property development, business and finance.

Mr. Low is the son of Datin Teh Kim Hong who is a substantial shareholder of Daibochi. He has no conflict of interest with the Company. In the past ten (10) years, he has not been convicted of any offences.

He has attended four (4) out of the five (5) Board of Directors' meetings held during the financial year ended 31 December 2005.

Hiew Chee Peng, Malaysian, aged 47 was appointed to the Board of Daibochi on 16 August 2004. He is an Independent Non-Executive Director. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He holds a Master degree in Counselling from the De La Salle University, Philippines and is a member of the Chartered Institute of Marketing, London. He is a consulting counsellor to several organisations. He has many years of experience in property development, consultation and management with several years in car park consultation and management.

He has no family relationship with any Directors/substantial shareholders of Daibochi and has no conflict of interest with the Company. In the past ten (10) years, he has not been convicted of any offences.

He has attended four (4) out of the five (5) Board of Directors' meetings held during the financial year ended 31 December 2005.

Chee Ho Chun, Malaysian, aged 44 was appointed to the Board of Daibochi on 1 February 2005. He is an Independent Non-Executive Director. He is also a member of the Audit Committee.

He holds a Bachelor of Business Law (Honours) from the London Guildhall University. He was called to the Malaysian Bar at Melaka in 1989. In 1990 he started his own practice as an advocate & solicitor of the High Court of Malaya. He has served many banks and corporate clients in an advisory capacity. He is also a Certified Financial Planner.

He has no family relationship with any Directors/substantial shareholders of Daibochi and has no conflict of interest with the Company. In the past ten (10) years, he has not been convicted of any offences.

Since his appointment, he has attended all four (4) Board of Directors' meetings held during the financial year ended 31 December 2005.

Corporate Governance Statement

The Malaysian Code on Corporate Governance ("the Code") sets out the principles and best practices on structures and processes that companies may use towards achieving the optimal governance framework.

The Board of Directors of Daibochi Plastic and Packaging Industry Bhd ("the Board") is committed to ensuring that the principles and best practices on corporate governance are observed and practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value.

The Board is fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in Part 1 and Part 2 of the Code.

The Board

The Company is headed by an experienced Board comprising professionals and entrepreneurs with diverse skills from a wide range of business, financial, engineering, legal and property development backgrounds. The Board effectively controls the direction and provides leadership for the Group by setting appropriate objectives and strategies and is responsible for the overall operations and management of the Group.

The Directors have reviewed and adopted a strategic plan, which covers the core business of the Group. The various strategies and objectives identified in the plan are being monitored and evaluated during the implementation. The Directors have also reviewed and adopted a risk management system which identified the principal risks and ensured the implementation of the management of those risks. Its other responsibilities include reviewing the adequacy and integrity of the Group's internal control systems and management information systems for compliance with applicable laws, regulations, rules, directives and guidelines and succession planning for senior management.

Board balance

The position of Chairman and the Managing Director are held by two individuals. There is a clear division of responsibilities between the Chairman and the Managing Director which will ensure a balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board. The Managing Director is responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business and corporate strategies.

The Board considers that the current size of the Board is adequate and facilitates effective decision-making. The Board comprises seven (7) members of which four (4) are Executive Directors and three (3) are Independent Non-Executive Directors. The Board's composition complies with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") that requires at least one third of the Board to comprise of independent Non-Executive Directors. A brief profile of each Director is presented on pages 6 to 7.

There is a balance in the Board because of the presence of Independent Non-Executive Directors who bring strong independent judgement, knowledge, skills and experience to the Board's deliberations during the decision making process.

Mr P. James Edwin A/L Louis Pushparatnam acts as the Senior Independent Non-Executive Director to whom concerns may be conveyed.

Directors' Training

All members of the Board have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by Bursa Malaysia Training Sdn Bhd. All the Directors have accumulated at least 72 Continuing Education Programme ("CEP") points as required under the provisions of Practice Note 15/2003 of Bursa Malaysia.

Under the revised Bursa Malaysia Listing Requirements, the Board will assume the onus of determining or overseeing the training needs of their Directors from year 2005 onwards. The Directors are encouraged to attend relevant seminars and courses to keep themselves updated on the various issues facing the changing business environment, regulatory and corporate governance developments to enhance their professionalism and knowledge to effectively discharge their duties and obligations. For the year under review, most of the Directors attended courses accredited by Bursa Malaysia. Two of the Directors have not attended courses during the year under review as their selected courses were postponed by the organizers.

For new Directors, a familiarization programme will be conducted for them. This includes a presentation of the Group's operations, meetings with senior management and site visits, where appropriate, to facilitate their understanding of the Group.

Board meetings and supply of information

During the year, five (5) board meetings were held. All Directors fulfilled the requirement stipulated by Bursa Securities in relation to their attendance at Board meetings. The frequency of Directors' attendance at these meetings is set out in Profiles of Directors on pages 6 to 7.

Board meetings are structured with a pre-set agenda. The agenda and the Board papers are circulated to Directors in time to enable the Directors to effectively discharge their responsibilities. Any additional information requested by Directors is readily available. Monthly reports on the performance of the Company are also circulated to the Directors for their views and comments. The Board also has a formal schedule of matters reserved to it for deliberation and decision such as the approval of annual and interim results, major capital expenditure, budgets, major investments, corporate policies and procedures and corporate plans.

In addition, on important matters which require the Board's decisions, prior briefings, if necessary, are provided or conveyed by Executive Directors to other Board members to ensure full knowledge and understanding thus enhancing the members' comprehension of Board papers before deliberations.

All proceedings of the Board meetings are minuted and signed by the Chairman of the meeting in accordance with the provision of Section 156 of the Companies Act, 1965.

In the furtherance of their duties, Directors have access to all information within the Company as well as to seek independent professional advice at the Company's expense, if necessary. The Directors also have access to the advice and services of the Company Secretary who must ensure that all necessary information is obtained from Directors both for the Company's own records and for the purposes of meeting statutory obligations as well as obligations arising from the Listing Requirements and other regulatory requirements. The Board acknowledges the fact that the Chairman is entitled to the positive support of the Company Secretary in ensuring the effective functioning of the Board. The appointment and removal of the Company Secretary shall be within the purview of the Board.

Appointments to the Board

The Nomination Committee, which was set up on 14 December 2000, is responsible for recommending the right candidate for appointment to the Board or Board Committees.

The Committee is also responsible for the annual review of the required mix of skills and experience and core competency which Non-Executive Directors should bring to the Board and the annual assessment of the effectiveness of the Board as a whole, the Board Committees and the performance of each existing Director. The Board has implemented an annual evaluation process to carry out the required assessment.

The members of the Nomination Committee which comprise exclusively of Independent Non-Executive Directors are as follows:

P. James Edwin A/L Louis Pushparatnam (Chairman)
Hiew Chee Peng

The terms of reference of the Nomination Committee have been approved by the Board and comply with the recommendations of the Code.

Re-election of Directors

In accordance with the Company's Articles of Association, all newly appointed Directors are subject to re-election by the shareholders at the first Annual General Meeting after their appointment.

In accordance with the Company's Articles of Association, one third of the existing Directors are required to retire by rotation at the Annual General Meeting held annually.

A Director who is over seventy years old is required to submit himself for re-appointment annually in accordance to Section 129 (6) of the Companies Act, 1965.

Directors' remuneration

The levels of remuneration of the Directors should reflect the rate to attract and retain their services. The remuneration should comprise components to cover rewards linking corporate performance and individual contribution towards the overall results, in the case of Executive Directors. Reasonable allowances and fees are paid to the Non-Executive Directors to commensurate with their experience and skills. Directors' fees are tabled to the shareholders for approval at the Annual General Meeting.

The details of the remuneration of Directors for the year ended 31 December 2005 by category and in bands of RM50,000 are as follows:

	Salaries RM'000	Fees RM'000	Bonuses RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors	779	0	251	159	28	1,217
Non-Executive Directors	0	9	0	120	0	129

	Salaries	Bonuses	Other emoluments	Benefits-in-kind
Executive Directors				
Up to RM50,000	1	4	4	2
RM50,001 - RM100,000	0	0	1	0
RM100,001 - RM150,000	2	0	0	0
RM150,001 - RM200,000	1	0	0	0
RM250,001- RM300,000	1	0	0	0

	Fees	Other emoluments
Non-Executive Directors		
Up to RM50,000	3	2
RM50,001 - RM100,000	0	1

The Board of Directors is of the opinion that it is inappropriate to disclose the remuneration of individual Directors and has opted not to do so.

A Remuneration Committee was set up on 14 December 2000. Its membership is as follows:

P. James Edwin A/L Louis Pushparatnam (Chairman)
Hiew Chee Peng
Lim Soo Koon

The Committee recommends to the Board the remuneration of the Executive Directors, in all forms. The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole.

The terms of reference of the Remuneration Committee have been approved by the Board and comply with the recommendations of the Code.

Audit Committee

The composition and terms of reference of the Audit Committee together with its report are presented on pages 16 to 18 of the Annual Report.

Financial Reporting

In presenting its annual financial statements and quarterly results to the shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee and the Board review the information to be disclosed before the release to Bursa Malaysia.

Internal control

The Directors recognise their ultimate responsibility for the Group's system of internal controls and the need to review the adequacy and the integrity of the internal control systems. The Directors also take cognizance of the importance of identifying principal risks and having an appropriate risk management system.

The Group has an Internal Audit Function, which reports to the Audit Committee and assists the Board in the monitoring and managing of risks and internal controls.

Relationship with the Auditors

The Company has established an appropriate and transparent relationship with its external auditors through the Audit Committee. The role of the Audit Committee in relation to the external auditors is set out in the Audit Committee Report on pages 16 to 18 of the Annual Report.

Relationship with shareholders and investors

The Company values its dialogue with both institutional shareholders and private investors and recognizes that timely and equal dissemination of relevant information be provided to them. In this regard, it adheres to the disclosure requirements of Bursa Malaysia.

A copy of the annual report is sent to all our shareholders and is available upon request. In addition the Company makes various announcements through Bursa Malaysia in particular the timely release of the quarterly results. Members of the public can also obtain the full financial results and the announcements from the Bursa Malaysia website.

The Board encourages shareholders' active participation at the Company's Annual General Meeting ("AGM"). The AGM remains the principal forum for dialogue with shareholders where it provides an opportunity for the shareholders to seek clarifications on the Group's operations. The external auditors will also be present to provide their professional and independent clarification on issues and concerns raised by the shareholders, if any.

The Board ensures that each item of special business included in the Notice of AGM or Extraordinary General Meeting must be accompanied by an explanation of the effects of the proposed resolution.

Additional compliance information

a) **Utilisation of proceeds**
The Company did not implement any fund raising exercise during the financial year.

b) **Share buybacks**
During the financial year there was no share buyback scheme.

c) **Options, warrants or convertible securities**
The Company did not issue any options, warrants or convertible securities during the financial year.

d) **American Depository Receipts ("ADR") or Global Depository Receipts ("GDR")**
During the financial year, the Company did not sponsor any ADR or GDR program.

e) **Imposition of sanctions/penalties**
There were no sanctions/penalties imposed on the Group, Directors or management by the relevant regulatory bodies.

f) **Non-audit fees**
Non-audit fees paid by the Group to external auditors during the financial year are as follows:-
- tax compliance and advisory work - RM23,300
- other services - RM3,500

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

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

i) Material contracts involving Directors and major shareholders' interests
There were no material contracts subsisting as at 31 December 2005 or if not then subsisting, entered into since the end of the previous financial year, by the Company or its subsidiaries which involved the interests of Directors or major shareholders.

j) Revaluation policy on landed properties
The Group has not adopted a policy of regular revaluation on landed properties.

Statement of Directors' responsibility for preparing the financial statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared the financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

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

Statement On Internal Control

Responsibility

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness whilst the role of management is to implement the Board's policies on risk and control.

The system of internal control is designed to manage and minimize the risk of failure to achieve business objectives.

In pursuing these objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

Key Processes

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the financial year under review and up to the date of approval of the annual report and financial statements.

Internal Audit Function

The Group had outsourced its internal audit function to an independent party who assists the Audit Committee as well as the Board of Directors in discharging their responsibilities by providing an independent, objective assurance and advisory services that add value and improve the operations by:

- ensuring the existence of processes to monitor the effectiveness and efficiency of operations and the achievement of business objectives;
- ensuring the adequacy and effectiveness of internal control systems for safeguarding of assets and providing consistent, accurate financial and operational data;
- promoting risk awareness and the value and nature of an effective internal control system;
- ensuring compliance with laws, regulations, corporate policies and procedures; and
- assisting management in accomplishing its objectives by adopting a systematic and disciplined audit approach to evaluating and improving the effectiveness of risk management, control and governance processes within the Group's operations.

The internal audit function has focused on high priority activities determined by risk assessment and in accordance with the audit planning memorandum approved by the Audit Committee. Please refer to the Audit Committee Report as set out on pages 16 to 18.

Internal Control System

The key elements of the Group's internal control system are described below:

- Organisation structure with clearly defined delegation of responsibilities to the Committees of the Board;
- Regular meetings are held at operational and management levels to identify and resolve business, financial, operational and management issues;
- The Company was accredited ISO 9002:1994 in the year 2000 and have since successfully integrated the upgraded version of ISO 9001:2000. Documented internal procedures and standard operating procedures have been put in place and a yearly surveillance audit is conducted by assessors of the ISO certification body to ensure that the system is adequately implemented;
- Regular internal audit visits and other specific assignments, if and when the need arises, assigned by the Audit Committee and/or Board who monitors compliance with procedures and assesses the integrity of financial information provided;
- Regular information is provided by the management to the Board on financial performance and key business indicators;
- Monthly monitoring of results by the management through financial reports such as monthly management accounts and cash flow statements;
- Budgeting and forecasting system governed by the Group's policy;
- Regular meetings between the Audit Committee and the management on the actions taken on internal control issues identified through reports prepared by the internal auditors, external auditors and/or management;
- Proper approval by the management on capital expenditure up to RM1 million and by the Board on capital expenditure exceeding RM1 million; and
- Proper approval and review by the Board on new ventures/business diversification (e.g. feasibility and viability reports of the projects for the Group's venture into property development).

There are no material losses incurred during the financial year as a result of weaknesses in internal control. The management will continue to take adequate measures to strengthen the control environment in which the Group operates.

Statement made in accordance with the resolution of the Board of Directors dated 23 March 2006.

Audit Committee Report

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2005.

The Audit Committee was established on 28 August 1993.

Members and meetings

The Audit Committee ("Committee") comprises the following members and the details of attendance of each member at the Committee meetings held during the financial year ended 31 December 2005 are as follows:

NAME	STATUS OF DIRECTORSHIP	INDEPENDENT	ATTENDANCE OF MEETINGS
P. James Edwin A/L Louis Pushparatnam	Non-Executive Chairman	Yes	Attended four (4) out of four (4) meetings
Datuk Wong Soon Lim	Executive Director	No	Attended four (4) out of four (4) meetings
Hiew Chee Peng	Non-Executive Director	Yes	Attended three (3) out of four (4) meetings
Chee Ho Chun	Non-Executive Director (appointed on 10 May 2005)	Yes	Attended three (3) out of three (3) meetings

A quorum shall consist of two (2) members and a majority of the members present must be independent Directors.

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

The Managing Director was invited to attend the Committee meetings to provide clarification when necessary.

During the financial year the Committee met once with the external auditors without the presence of the Executive Directors.

1. TERMS OF REFERENCE

Frequency of meetings

Meetings will be held at least four (4) times a year and the quorum shall be three (3) with the majority of members present being Independent Directors. At least once a year the Committee shall meet with the external auditors in the absence of the Executive Directors.

Reporting to the Board

The Chairman of the Committee reports to the Board after each Committee meeting the results of the deliberations of the Committee.

Authority

The Committee is authorised by the Board to investigate any matter within its terms of reference. It is authorised to have full and unrestricted access to any information and be able to obtain independent professional advice.

Duties

The duties of the Committee are:

- To review all financial statements before their submission to the Board for approval and or release to shareholders or third parties, focusing particularly on:

  a) any changes in accounting policies and practices;
  b) major judgmental areas affecting the financial statements;
  c) significant adjustments arising from the audit;
  d) the going concern assumption;
  e) compliance with accounting standards;
  f) compliance with stock exchange and other legal requirements.

- To assess the impact of significant regulatory accounting or reporting changes and developments;
- To consider any related party transaction that may arise within the Company or the Group, assess its impact on the financial results and its reporting in the financial statements;
- To review all non-financial information that is of importance in assessing the Company's or Group's performance. These would include customer satisfaction, product and service quality, market share, market reaction, environmental issues and such other items, when dealing with any item on the Audit Committee agenda;
- To consider the appointment of external auditors, fix their remuneration and any changes thereto;
- To discuss with the external auditors their audit plan and ensure co-ordination where more than one audit firm is involved;
- To discuss problems and reservations arising from the external audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- To review the external auditors' management letter and management's response;
- To review with the external auditors their review of the system of evaluation of internal controls;
- To review with external auditors their audit report;
- To meet with the external auditors, without executive Board members present at least once in a year;
- To identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- To review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;

- In relation to the Internal Audit Function:
  - To set up an Internal Audit Function;
  - Approve any appointment or termination of senior staff members of the Internal Audit Function;
  - Review and approve the internal audit plan and results of the internal audit work and consider adequacy of management's action taken on audit recommendations;
  - Review any appraisal or assessment of the performance of the internal audit function;
  - To consider the major findings of internal investigations and management's response;
  - To ensure co-ordination between the internal and external auditors.

2. SUMMARY OF ACTIVITIES UNDERTAKEN BY COMMITTEE

The following activities were carried out by the Committee during the financial year under review:

(a) Reviewed the unaudited quarterly financial statements including the audited year end financial statements before recommending to the Board for approval;

(b) Discussed and reviewed the Group's audited year end financial statements together with the Audit Report to the Committee with the external auditors in relation to the significant matters noted in the course of the audit of the Group's financial statements as well as new developments on accounting standards and regulatory requirements;

(c) Reviewed with the external auditors their audit plan prior to the commencement of audit;

(d) Considered the appointment of external auditors and their audit fees;

(e) Considered the related party transactions that had arisen within the Company or the Group;

(f) Reviewed the audit reports submitted by the Internal Auditors; and

(g) Reviewed and approved the Internal Audit Plan for the year and the monitoring of the implementation of the approved audit plan.

3. INTERNAL AUDIT FUNCTION

The Group had in 1995 set up an Internal Audit Function. The terms of reference of the Internal Audit Function are contained in the Internal Audit Charter.

The Internal Audit Department, which has been outsourced to an Audit Firm, reports to the Committee and prepares and tables an Annual Internal Audit Plan for the consideration and approval of the Committee. The Internal Audit Function adopts a risk-based approach in preparing its audit strategy and annual plan based on the risk profiles of the business operations. The scope of the internal audit is based on the audit plan. The Internal Auditor reports to the Committee on a quarterly basis and provides the Committee with independent views on the adequacy, integrity and effectiveness of the system of internal control after its reviews.

Chairman's Statement

On behalf of the Board of Directors, it gives me pleasure to present the Annual Report of the Group for the year ended 31 December 2005.

BUSINESS AND FINANCIAL REVIEW

The Company's core business continues to be the manufacturing of quality flexible packaging materials.

The year under review had been a very difficult year for the Company. The very challenging and competitive business environment for the packaging industry encountered in 2004 continued into 2005.

The Group has achieved another record turnover year from the manufacturing operations. The turnover for 2005 was RM177.174 million as compared to RM152.485 million for 2004, registering an increase of 16.2%. However, the continuing high cost in major raw material prices coupled with the ever competitive open market nature of the flexible packaging industry have affected the profitability of the packaging business.

For the current year the property development activities of the Group have contributed significantly to the turnover as well as pre-tax profit. The Group recorded a turnover of RM20.877 million in 2005 from the property sector as compared to RM8.192 million in 2004 due to the recognition of an increased percentage of completion on the units that have been sold.

Consequently, the Group recorded a profit before tax of RM4.133 million in 2005 against a profit before tax of RM4.463 million for the previous year.

PROSPECTS

The Group will continue to focus on its core manufacturing activity as well as to further realise the potential of its development land.

Considering the Group's focus on enhancing cost efficiencies in its operations against the backdrop of a challenging business environment for the year ahead, the Directors are of the opinion that the performance of the Group should be commendable.

DIVIDEND

The Board is recommending a first and final tax exempt dividend of 2 sen per share for the financial year ended 31 December 2005.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to extend my sincere appreciation to our customers, suppliers, business associates, various government authorities as well as our shareholders for their continued assistance and support.

The Board would like to thank the Management and employees of the Group for their dedication, resourcefulness and commitment to the Group.

P. JAMES EDWIN A/L LOUIS PUSHPARATNAM
CHAIRMAN

23 March 2006

Directors' Report

The Directors have pleasure in submitting their annual report to the members together with the audited financial statements of the Group and Company for the financial year ended 31 December 2005.

Principal activities

The principal activities of the Group and Company consist of the manufacture and printing of flexible packaging materials and property development. There have been no significant changes in these activities during the financial year.

Financial results

	Group RM'000	Company RM'000
Profit/(loss) after tax	2,626	(882)
Minority interest	(143)	0
Net profit/(loss) for the financial year	2,483	(882)

Dividends

The amounts of dividends paid or declared by the Company since 31 December 2004 were as follows:

	RM'000
In respect of the financial year ended 31 December 2004 as shown in the Directors' report of that financial year -	
First and final tax exempt dividend of 2.0 sen per ordinary share on 75,901,801 ordinary shares paid on 16 June 2005	1,518

The Directors now recommend the payment of a first and final tax exempt dividend of 2 sen per ordinary share amounting to RM1,518,036 on 75,901,801 ordinary shares of RM1.00 each. Subject to the approval of the members at the forthcoming Annual General Meeting of the Company, the dividend will be paid on 16 June 2006 to shareholders registered on the Company's Register of Members at the close of business on 26 May 2006.

Reserves and provisions

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

Directors

The Directors who have held office during the period since the date of the last report are:

P. James Edwin A/L Louis Pushparatnam
Lim Soo Koon
Datuk Wong Soon Lim
Yong Jaw Teck
Low Chan Tian
Hiew Chee Peng
Chee Ho Chun
Low Chan Koon (demised on 10 May 2005)

In accordance with the Company's Articles of Association, P. James Edwin A/L Louis Pushparatnam and Yong Jaw Teck retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits disclosed as Directors' remuneration in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than as disclosed in Note 6 to the financial statements.

Directors' interests in shares and debentures

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company were as follows:

	Number of ordinary shares of RM1.00 each			
	At 1.1.2005 / date of appointment	Bought	Sold	At 31.12.2005
Datuk Wong Soon Lim	4,660,440	0	0	4,660,440
Yong Jaw Teck	1,196,873	0	0	1,196,873
Low Chan Tian	4,373,520	344,300	0	4,717,820
P. James Edwin A/L Louis Pushparatnam	5,280	0	0	5,280
Chee Ho Chun	30,000	170,000	0	200,000
Lim Soo Koon	60,000	0	0	60,000

Other than disclosed above, none of the other Directors in office at the end of the financial year held any interest in shares or debentures in the Company and its related corporations during the financial year.

Statutory information on the financial statements

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

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, in the opinion of the Directors, will or may substantially affect the ability of the Group or Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group or Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group or Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or Company for the financial year in which this report is made.

Signed on behalf of the Board of Directors in accordance with their resolution dated 23 March 2006.

P. JAMES EDWIN A/L LOUIS PUSHPARATNAM
DIRECTOR

DATUK WONG SOON LIM
DIRECTOR

Statement By Directors

We, P. James Edwin A/L Louis Pushparatnam and Datuk Wong Soon Lim, being two of the Directors of Daibochi Plastic and Packaging Industry Bhd, state that in the opinion of the Directors, the financial statements set out on pages 25 to 59 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2005 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the MASB approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 23 March 2006.

P. JAMES EDWIN A/L LOUIS PUSHPARATNAM
DIRECTOR

DATUK WONG SOON LIM
DIRECTOR

Statutory Declaration

I, Tan Gaik Hong, the officer primarily responsible for the financial management of Daibochi Plastic And Packaging Industry Bhd, do solemnly and sincerely declare that the financial statements set out on pages 25 to 59 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.

TAN GAIK HONG

Subscribed and solemnly declared by the abovenamed Tan Gaik Hong at Melaka in Malaysia on 23 March 2006.

Before me,

A. SUPRAMANIAM, PIS
COMMISSIONER FOR OATHS

Report Of The Auditors To The Members

We have audited the financial statements set out on pages 25 to 59. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and MASB approved accounting standards in Malaysia so as to give a true and fair view of:

  (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

  (ii) the state of affairs of the Group and Company as at 31 December 2005 and of the results and cash flows of the Group and Company for the financial year ended on that date;

and

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

The name of the subsidiary of which we have not acted as auditors is indicated in Note 14 to the financial statements. We have considered the financial statements of this subsidiary and the auditors' report thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements 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.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of section 174 of the Act.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants
Melaka

SHIRLEY GOH
(No. 1778/08/06 (J))
Partner of the firm

23 MARCH 2006

Income Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Note	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Revenue	4	**198,051**	160,677	**180,530**	154,208
Cost of sales	5	**(186,102)**	(150,496)	**(175,474)**	(146,397)
Gross profit		**11,949**	10,181	**5,056**	7,811
Other operating income		**1,624**	1,782	**1,540**	1,774
Selling and distribution costs		**(3,290)**	(2,903)	**(3,214)**	(2,864)
Administrative expenses		**(4,824)**	(3,999)	**(3,256)**	(3,279)
Profit from operations	6	**5,459**	5,061	**126**	3,442
Finance cost	8	**(2,534)**	(759)	**(1,388)**	(552)
Share of results of associate		**1,208**	161	**0**	0
Profit/(loss) from ordinary activities before tax		**4,133**	4,463	**(1,262)**	2,890
Tax					
- Company and subsidiaries		**(1,131)**	(1,288)	**380**	(878)
- Associate		**(376)**	(57)	**0**	0
	9	**(1,507)**	(1,345)	**380**	(878)
Profit/(loss) after tax		**2,626**	3,118	**(882)**	2,012
Minority interest		**(143)**	(217)	**0**	0
Net profit/(loss) for the financial year		**2,483**	2,901	**(882)**	2,012
Earnings per share (sen)					
- basic	10	**3.3**	3.8		
Dividend per share (sen)	11	**2.0**	2.0	**2.0**	2.0

Balance Sheets

AS AT 31 DECEMBER 2005

	Note	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Non current assets					
Property, plant and equipment	12	72,766	77,050	72,566	76,960
Associate	13	21,145	20,320	0	0
Subsidiaries	14	0	0	250	250
Deferred tax assets	15	17	223	0	0
		93,928	97,593	72,816	77,210
Current assets					
Inventories	16	42,178	42,838	39,739	42,144
Property development costs	17	10,091	15,661	219	3,890
Trade and other receivables	18	41,481	41,839	33,482	37,323
Amounts receivable from subsidiaries	19	0	0	33,162	30,858
Current tax recoverable		200	230	178	230
Deposits, cash and bank balances	20	4,781	4,011	3,113	3,374
		98,731	104,579	109,893	117,819
Less: Current liabilities					
Trade and other payables	21	29,281	40,736	28,039	38,501
Current tax liabilities		529	228	0	0
Borrowings	22				
- bank overdrafts (interest bearing)		3,291	2	1,247	2
- others (interest bearing)		34,543	29,488	33,246	27,802
- others (profit bearing)		0	308	0	308
		67,644	70,762	62,532	66,613
Net current assets		31,087	33,817	47,361	51,206

	Note	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Less: Non current liabilities					
Deferred tax liabilities	15	**8,225**	8,987	**8,292**	8,987
Borrowings	22				
- others (interest bearing)		**15,195**	21,936	**15,077**	20,221
		23,420	30,923	**23,369**	29,208
		101,595	100,487	**96,808**	99,208
Capital and reserves					
Share capital	23	**75,902**	75,902	**75,902**	75,902
Share premium		**1,224**	1,224	**1,224**	1,224
Retained earnings	24	**24,000**	23,035	**19,682**	22,082
Shareholders' equity		**101,126**	100,161	**96,808**	99,208
Minority interest		**469**	326	**0**	0
		101,595	100,487	**96,808**	99,208

Consolidated Statement Of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained earnings RM'000	Total RM'000
2005				
As at 1 January 2005	75,902	1,224	23,035	100,161
Net profit for the financial year	0	0	2,483	2,483
Final dividend paid for the financial year ended: - 31 December 2004	0	0	(1,518)	(1,518)
As at 31 December 2005	75,902	1,224	24,000	101,126
2004				
As at 1 January 2004	75,463	1,224	23,550	100,237
Shares issued during the financial year				
- pursuant to Employees' Share Option Scheme	437	0	0	437
- pursuant to the exercise of Warrants	2	0	0	2
Net profit for the financial year	0	0	2,901	2,901
Final dividend paid for the financial year ended: - 31 December 2003	0	0	(3,416)	(3,416)
As at 31 December 2004	75,902	1,224	23,035	100,161

Company Statement Of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained earnings RM'000	Total RM'000
2005				
As at 1 January 2005	**75,902**	**1,224**	**22,082**	**99,208**
Net loss for the financial year	**0**	**0**	**(882)**	**(882)**
Final dividend paid for the financial year ended: - 31 December 2004	**0**	**0**	**(1,518)**	**(1,518)**
As at 31 December 2005	**75,902**	**1,224**	**19,682**	**96,808**
2004				
As at 1 January 2004	75,463	1,224	23,486	100,173
Shares issued during the financial year				
- pursuant to Employees' Share Option Scheme	437	0	0	437
- pursuant to the exercise of Warrants	2	0	0	2
Net profit for the financial year	0	0	2,012	2,012
Final dividend paid for the financial year ended: - 31 December 2003	0	0	(3,416)	(3,416)
As at 31 December 2004	75,902	1,224	22,082	99,208

Consolidated Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Note	2005 RM'000	2004 RM'000
Cash flows from operating activities			
Cash receipts from customers and other receivables		**199,841**	147,262
Cash paid to suppliers, employees and other payables		**(190,370)**	(153,261)
Cash generated from/(used in) operations	25	**9,471**	(5,999)
Interest paid		**(1,103)**	(991)
Profit margin - attributable to Al-Bai Bithaman-Ajil financing		**(5)**	(76)
Tax paid		**(1,357)**	(1,191)
Net cash from/(used in) operating activities		**7,006**	(8,257)
Cash flows from investing activities			
Purchase of investment in an associate		**0**	(20,207)
Proceeds from disposal of property, plant and equipment		**286**	1,121
Proceeds from disposal of investment in an associate		**35**	0
Purchase of property, plant and equipment		**(4,550)**	(16,896)
Interest received		**88**	74
Net cash used in investing activities		**(4,141)**	(35,908)
Cash flows from financing activities			
Interest paid		**(1,617)**	0
Dividend paid to shareholders		**(1,518)**	(3,416)
Proceeds from issuance of shares		**0**	439
Proceeds from term loans drawn down		**752**	27,303
Repayments of term loans		**(8,930)**	(4,457)
Repayments of other borrowings		**(159)**	0
Proceeds from trade finance drawn down (net)		**6,094**	20,986
Net cash (used in)/from financing activities		**(5,378)**	40,855
Net decrease in cash and cash equivalents		**(2,513)**	(3,310)
Cash and cash equivalents at the beginning of financial year		**4,009**	7,316
Currency translation difference		**(6)**	3
Cash and cash equivalents at the end of financial year	20	**1,490**	4,009

Company Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Note	2005 RM'000	2004 RM'000
Cash flows from operating activities			
Cash receipts from customers and other receivables		**185,327**	143,473
Cash paid to suppliers, employees and other payables		**(177,742)**	(150,297)
Cash generated from/(used in) operations	25	**7,585**	(6,824)
Interest paid		**(971)**	(476)
Profit margin - attributable to Al-Bai Bithaman-Ajil financing		**(5)**	(76)
Tax paid		**(263)**	(686)
Net cash from/(used in) operating activities		**6,346**	(8,062)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**253**	1,121
Purchase of property, plant and equipment		**(4,377)**	(16,849)
Interest received		**39**	70
Net cash used in investing activities		**(4,085)**	(15,658)
Cash flows from financing activities			
Interest paid		**(412)**	0
Advances to subsidiaries		**(1,728)**	(22,621)
Dividend paid to shareholders		**(1,518)**	(3,416)
Proceeds from issuance of shares		**0**	439
Proceeds from term loans drawn down		**752**	27,303
Repayments of term loans		**(6,864)**	(2,790)
Repayments of other borrowings		**(91)**	0
Proceeds from trade finance drawn down (net)		**6,094**	20,986
Net cash (used in)/from financing activities		**(3,767)**	19,901
Net decrease in cash and cash equivalents		**(1,506)**	(3,819)
Cash and cash equivalents at the beginning of financial year		**3,372**	7,191
Cash and cash equivalents at the end of financial year	20	**1,866**	3,372

Notes To The Financial Statements

1. General information

The principal activities of the Group and Company consist of manufacture and printing of flexible packaging materials and property development.

The number of employees as at 31 December 2005 for the Group was 652 (2004: 630) and for the Company was 649 (2004: 626).

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is as follows:

Kompleks Daibochi Plastic,
Lot 3 & 7, Air Keroh Industrial Estate, Phase IV,
75450 Melaka.

2. Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies in Note 3 to the financial statements.

The financial statements comply with the MASB approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the provision of the Companies Act, 1965 and the MASB approved accounting standards in Malaysia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

3. Summary of significant accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Group accounting

(i) Subsidiaries

Subsidiaries are those enterprises in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiaries are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included from the date of acquisition up to the date of disposal.

Intragroup transactions, balances and unrealised gains on transactions are eliminated. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

(ii) Associate

Associates are enterprises in which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies. Investments in associates are accounted for in consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising the Group's share of the results of associates in the income statement. The Group's investments in associates are carried in the balance sheet at an amount that reflects its share of the net assets of the associate and includes goodwill on acquisition. See accounting policy Note 3(d) on intangible assets - goodwill. Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

(b) Property, plant and equipment

Freehold land is stated at cost while all other property, plant and equipment are stated at cost less accumulated depreciation/impairment.

Freehold land is not depreciated as it has an infinite life. Long leasehold land is amortised over the leasehold period of 99 years. Depreciation of other property, plant and equipment is calculated to write off the cost of the property, plant and equipment on the straight line basis over the expected useful lives of the assets concerned. The depreciation charge for printing cylinders commences from the financial year following production. The principal annual rates used are as follows:

Buildings	2%
Motor vehicles	20%
Plant and machinery	6.67 - 10%
Printing cylinders	25%
Furniture and fittings and office equipment	10 - 20%

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3(c) on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit/loss from operations.

Repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

(c) Impairment of assets

Property, plant and equipment and other non-current assets, including intangible assets, and investments in subsidiaries and associates are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The impairment loss is charged to the income statement. Any subsequent increase in recoverable amount is recognised in the income statement.

(d) Intangible assets - Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries and associates over the Group's share of the fair value of their identifiable net assets at the date of acquisition.

Goodwill on acquisition of associates are included in investments in associates. At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3(c) on impairment of assets.

(e) Inventories

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

Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and an appropriate proportion of production overheads (based on normal operating capacity).

Inventories of unsold completed development properties is stated at the lower of cost and net realisable value and is determined on specific identification basis. Cost includes land cost, construction cost and related infrastructure expenditure.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(f) Income taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred tax.

(g) Trade receivables

Trade receivables are carried at invoice amount less an allowance for doubtful debts. The allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the carrying amount and the recoverable amount.

(h) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

When the outcome of the development activity can be estimated reliably, property development revenue and expense are recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred bear to the estimated total costs for the property development.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable; property development costs on the development units sold are recognised when incurred.

Irrespective of whether the outcome of a property activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

Property development costs not recognised as an expense is recognised as an asset and is stated at cost.

Where revenue recognised in the income statement exceed billings to purchasers, the balance is shown as accrued progress billings under receivables, deposits and prepayments (within current assets). Where billings to purchasers exceed revenue recognised in the income statement, the balance is shown as progress billings under payables (within current liabilities).

(i) Borrowings

(i) Classification

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Interest relating to a financial instrument classified as a liability is reported within finance cost in the income statement.

(ii) Capitalisation of borrowing cost

Borrowing costs incurred to finance the property development activities are capitalised during the period of time in which the activities to prepare and develop the properties are carried out. All other borrowing costs are expensed.

(j) Leases

(i) Finance lease and hire purchase

Lease and hire purchase of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership is classified as finance lease and hire purchase.

Finance lease and hire purchase are capitalised at the inception of the lease and hire purchase, at the lower of the fair value of the lease and hire purchase asset or the present value of the finance lease and hire purchase payments. The corresponding obligations, net of finance charge, are included as liabilities. Each finance lease and hire purchase payment is allocated between the liability and finance charge so as to achieve a constant periodic rate of interest on the finance lease or hire purchase liability balance outstanding. The interest element of the finance charge is charged to the income statement over the lease and hire purchase periods.

Property, plant and equipment acquired under finance lease and hire purchase are depreciated over the estimated useful lives of the assets as set out in note 3(b) above. Where there is no reasonable certainty that ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease and hire purchase term and its estimated useful life.

(ii) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on the straight line basis over the lease period.

(k) Foreign currencies

(i) Foreign operations

Financial statements of foreign operations that are integral to the operations of the Company are translated using the procedures in the following paragraph as if the transactions of the foreign operations had been those of the Company.

(ii) Foreign currency transactions

Foreign currency transactions in Group companies are accounted for at exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

(iii) Closing rates

The principal average closing rates used in translation of foreign currency amounts at balance sheet date were as follows:

Foreign currency	2005 RM	2004 RM
1 US Dollar	**3.78**	3.80
1 Singapore Dollar	**2.27**	2.28
1 Australian Dollar	**2.76**	2.93

(l) Investments

Investments in subsidiaries and associates are stated at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(c) on impairment of assets.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(m) Revenue recognition

(i) Revenue from sales of goods is recognised upon delivery of products and customer acceptance, if applicable, net of sales taxes and discounts, and after eliminating sales within the Group.

(ii) Revenue from property development is recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred bear to the estimated total costs for the property development.

(iii) Interest income is recognised on the accrual basis.

(n) Cash and cash equivalents

For the purposes of cash flow statements, cash and cash equivalents comprise cash in hand, deposits held at call with banks, (net of bank overdrafts) and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

(o) Share capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as a liability when proposed or declared by the Board of Directors before the balance sheet date. Dividends when proposed or declared by the Board of Directors after the balance sheet date but before the financial statements are authorised for issue will be accounted for in the next financial year.

(p) Financial instruments

(i) Description

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(ii) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual accounting policy statements associated with each item.

(iii) Fair value estimation for disclosure purposes

In assessing the fair value of financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rates available to the Group for similar financial instruments.

The face values, less any estimated credit adjustments, for financial assets and liabilities with tenure to maturity of less than one financial year are assumed to approximate their fair values.

(q) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave, sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Post-employment benefits

The Group's post-employment benefit scheme comprises only defined contribution plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution plan are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(r) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risk and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single segment.

4. Revenue

	Group		Company	
	2005	**2004**	**2005**	**2004**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sale of goods	**177,174**	152,485	**175,332**	151,453
Property development	**20,877**	8,192	**5,198**	2,755
	198,051	160,677	**180,530**	154,208

5. Cost of sales

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Cost of inventories sold	**172,034**	144,512	**171,677**	144,403
Property development costs	**14,068**	5,984	**3,797**	1,994
	186,102	150,496	**175,474**	146,397

6. Profit from operations

Profit from operations is arrived at after charging/(crediting):

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
- depreciation charge	**8,554**	7,818	**8,533**	7,793
- write off	**0**	1	**0**	1
- gain on disposals	**(11)**	(622)	**(15)**	(622)
Auditors' remuneration				
- current year	**45**	35	**34**	31
- under accrual in perior year	**6**	0	**1**	0
Rental of premises	**306**	41	**158**	41
Staff costs (including remuneration of Executive Directors)				
- wages, salaries and bonus	**12,906**	13,418	**12,171**	13,008
- defined contribution retirement plan	**1,218**	1,290	**1,145**	1,252
- other employee benefits	**904**	869	**861**	844
Interest income	**(88)**	(74)	**(39)**	(70)
Allowance for doubtful debts net of recoveries	**60**	37	**60**	37
Foreign exchange gain				
- realised	**(311)**	(261)	**(311)**	(260)
- unrealised	**(92)**	0	**(35)**	0
Net gain on disposal of investment in associate	**(27)**	0	**0**	0
Legal fees paid to the firms in which certain Directors are members for services rendered in professional capacity	**78**	0	**59**	0

7. Directors' remuneration

The aggregate amounts of emoluments receivable by Directors of the Company during the financial year are as follows:

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Non-executive Directors:				
- fees	9	20	9	20
- allowances	119	89	114	89
- defined contribution retirement plan	1	0	0	0
Executive Directors:				
- basic salaries, bonus and other emoluments	1,057	1,002	867	1,002
- defined contribution retirement plan	132	123	109	123
- estimated monetary value of benefits-in-kind	28	19	28	19
	1,346	1,253	1,127	1,253

8. Finance cost

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- Term loans	1,408	371	398	170
- Overdrafts	231	5	100	5
- Other borrowings	890	307	885	301
Profit margin attributable to Al-Bai Bithaman-Ajil financing	5	76	5	76
	2,534	759	1,388	552

9. Tax

(a) The tax charge/(credit) comprises:

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Current tax				
Current year				
- Malaysian tax	2,057	835	353	236
- Foreign tax	173	93	0	0
Benefit from previously unrecognised tax loss	0	(13)	0	0
(Over)/under accrual in prior years (net)	(167)	31	(38)	31
	2,063	946	315	267
Deferred tax (Note 15)				
Origination of temporary differences	(556)	399	(695)	611
	1,507	1,345	(380)	878

(b) Numerical reconciliation of tax expense

The tax on the Group's and Company's profit/(loss) before tax differs from the theoretical amount that would arise using the statutory income tax rate of Malaysia as follows:

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Profit/(loss) before tax	4,133	4,463	(1,262)	2,890
Theoretical tax charge calculated at statutory income tax rate of 28% (2004: 28%)	1,157	1,250	(353)	809
Tax effects of:				
- different tax rate in other country	11	11	0	0
- different tax rate for different level of income	(40)	(40)	0	0
- expenses not deductible for tax purposes	442	239	111	74
- income not subject to tax	(16)	(21)	(8)	(21)
- previously unrecognised tax losses	0	(13)	0	0
- effect of reversal of temporary differences for which the tax effect were not recognised in prior financial year	0	(65)	0	0
- utilisation of tax incentives	(11)	(14)	(11)	(14)
- others	2	(33)	2	(1)
(Over)/under accrual in prior years (net)	(38)	31	(121)	31
Tax charge/(credit) for the financial year	1,507	1,345	(380)	878

10. Earnings per share

Basic earnings per share of the Group is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	2005	2004
Net profit for the financial year (RM'000)	**2,483**	2,901
Weighted average number of ordinary shares in issue ('000)	**75,902**	75,792
Basic earnings per share (sen)	**3.3**	3.8

11. Dividend

Dividend declared or proposed is as follows:

	Group and Company			
	2005		2004	
	Gross per share Sen	Amount of dividend net of tax RM'000	Gross per share Sen	Amount of dividend net of tax RM'000
First and final tax exempt dividend	**2.0**	**1,518**	2.0	1,518

The Directors now recommend the payment of a first and final tax exempt dividend of 2 sen per ordinary share amounting to RM1,518,036 on 75,901,801 ordinary shares of RM1.00 each. Subject to the approval of the members at the forthcoming Annual General Meeting of the Company, the divident will be paid on 16 June 2006 to shareholders registered on the Company's Register of Members at the close of business on 26 May 2006.

12. Property, plant and equipment

Group	Long leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Printing cylinders RM'000	Furniture and fittings and office equipment RM'000	Total RM'000
Movement of net book value							
As at 1 January 2005	6,476	16,917	796	49,123	2,466	1,272	77,050
Additions	0	1,425	350	1,745	432	598	4,550
Reclassification	0	0	36	0	0	(36)	0
Currency translation difference	0	0	(5)	0	0	0	(5)
Disposals	0	0	(272)	0	0	(3)	(275)
Depreciation	(74)	(391)	(269)	(6,478)	(967)	(375)	(8,554)
As at 31 December 2005	6,402	17,951	636	44,390	1,931	1,456	72,766
As at 31 December 2005							
Cost	7,036	20,869	2,242	104,516	10,590	3,335	148,588
Accumulated depreciation	(634)	(2,918)	(1,606)	(60,126)	(8,659)	(1,879)	(75,822)
Net book value	6,402	17,951	636	44,390	1,931	1,456	72,766
As at 31 December 2004							
Cost	7,036	19,444	2,357	102,772	10,158	2,781	144,548
Accumulated depreciation	(560)	(2,527)	(1,561)	(53,649)	(7,692)	(1,509)	(67,498)
Net book value	6,476	16,917	796	49,123	2,466	1,272	77,050

Company	Long leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Printing cylinders RM'000	Furniture and fittings and office equipment RM'000	Total RM'000
Movement of net book value							
As at 1 January 2005	6,476	16,917	754	49,123	2,466	1,224	76,960
Additions	0	1,425	212	1,745	432	563	4,377
Disposals	0	0	(235)	0	0	(3)	(238)
Depreciation	(74)	(391)	(257)	(6,478)	(967)	(366)	(8,533)
As at 31 December 2005	6,402	17,951	474	44,390	1,931	1,418	72,566

Company	Long leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Printing cylinders RM'000	Furniture and fittings and office equipment RM'000	Total RM'000
As at 31 December 2005							
Cost	**7,036**	**20,869**	**2,069**	**104,516**	**10,590**	**3,285**	**148,365**
Accumulated depreciation	**(634)**	**(2,918)**	**(1,595)**	**(60,126)**	**(8,659)**	**(1,867)**	**(75,799)**
Net book value	**6,402**	**17,951**	**474**	**44,390**	**1,931**	**1,418**	**72,566**
As at 31 December 2004							
Cost	7,036	19,444	2,256	102,772	10,158	2,737	144,403
Accumulated depreciation	(560)	(2,527)	(1,502)	(53,649)	(7,692)	(1,513)	(67,443)
Net book value	6,476	16,917	754	49,123	2,466	1,224	76,960

13. Associate

	Group 2005 RM'000	Group 2004 RM'000
Unquoted shares at cost	**20,207**	20,282
Share of post-acquisition profit	**938**	38
Total interest in associate	**21,145**	20,320
Represented by:		
Share of net tangible assets, at fair value	**20,876**	20,051
Goodwill on acquisition	**269**	269
	21,145	20,320

Details of the associates, incorporated in Malaysia are as follows:

Name of company	Principal activity	Country of incorporation	Equity interest 2005	Equity interest 2004	Financial year end
Cempaka Usaha Sdn Bhd	Property development - dormant	Malaysia	0	30%	31 December
Skyline Resources (M) Sdn Bhd	Property development	Malaysia	36%	36%	31 December

During the financial year, the Group disposed of its investment in Cempaka Usaha Sdn Bhd for a cash consideration of RM35,000. The net gain on disposal of this investment amounting to RM27,000 is shown in Note 6 to the Financial Statements.

14. Subsidiaries

	Company 2005 RM'000	Company 2004 RM'000
Shares in unquoted corporations, at cost	**250**	250

The shares of all subsidiaries are held directly by the Company. The details of the subsidiaries are as follows:

Name of company	Principal activity	Group's effective interest 2005 %	Group's effective interest 2004 %	Country of incorporation
Daibochi Land Sdn Bhd	Property development	100	100	Malaysia
Daibochi Technology Sdn Bhd	Dormant	100	100	Malaysia
Stable Development Sdn Bhd	Dormant	100	100	Malaysia
● Daibochi Australia Pty. Ltd.	Marketing of plastic bags and packaging materials	51	51	Australia

● Not audited by PricewaterhouseCoopers Malaysia

15. Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Deferred tax assets				
- subject to foreign tax	**17**	12	**0**	0
- subject to income tax	**0**	211	**0**	0
	17	223	**0**	0
Deferred tax liabilities:				
- subject to income tax	**(8,225)**	(8,987)	**(8,292)**	(8,987)
	(8,208)	(8,764)	**(8,292)**	(8,987)

The movements during the financial year relating to deferred tax assets and liabilities are as follows:

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
As at beginning of financial year	(8,764)	(8,365)	(8,987)	(8,376)
Credited/(charged) to income statement (Note 9)				
- property, plant and equipment	(687)	(682)	(687)	(682)
- provisions	1,412	41	1,412	41
- others	(169)	242	(30)	30
	556	(399)	695	(611)
As at end of financial year	(8,208)	(8,764)	(8,292)	(8,987)

Subject to income tax

	Group		Company	
	2005	2004	2005	2004
Deferred tax assets (before offsetting)				
Provisions	1,756	344	1,756	344
Others	84	253	0	30
	1,840	597	1,756	374
Offsetting	(1,823)	(374)	(1,756)	(374)
Deferred tax assets (after offsetting)	17	223	0	0
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	(10,048)	(9,361)	(10,048)	(9,361)
Offsetting	1,823	374	1,756	374
Deferred tax liabilities (after offsetting)	(8,225)	(8,987)	(8,292)	(8,987)

16. Inventories

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
At cost				
Raw materials	14,440	18,569	14,440	18,569
Work-in-progress	8,222	8,552	8,222	8,552
Finished goods	8,187	6,336	7,308	5,642
Consumables	257	50	257	50
Completed development properties	5,945	0	4,385	0
	37,051	33,507	34,612	32,813

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
At net realisable value				
Raw materials	1,195	4,425	1,195	4,425
Finished goods	3,932	4,906	3,932	4,906
	5,127	9,331	5,127	9,331
	42,178	42,838	39,739	42,144

Certain completed development properties amounting to RM1,560,000 (2004: Nil) have been pledged to a bank as security for term loans and bank overdrafts facilities. (Note 22)

17. Property development costs

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
At beginning of financial year				
- land	11,780	4,302	790	503
- development costs	9,865	1,231	5,094	947
- Accumulated costs charged to income statement	(5,984)	0	(1,994)	0
	15,661	5,533	3,890	1,450
Cost incurred during the financial year				
- transfer from land held under property development	0	7,594	0	0
- reclassification from development costs to land	0	331	0	287
- reclassification from development costs	0	(331)	0	(287)
- development costs	14,443	8,518	4,511	4,434
	14,443	16,112	4,511	4,434
Cost charged to income statement	(14,068)	(5,984)	(3,797)	(1,994)
Unsold completed properties transfer to inventories	(5,945)	0	(4,385)	0
	(20,013)	(5,984)	(8,182)	(1,994)

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
At end of financial year				
- land	7,119	11,780	73	790
- development costs	2,972	9,865	146	5,094
- accumulated costs charged to income statement	0	(5,984)	0	(1,994)
	10,091	15,661	219	3,890

Certain land included in the property development costs amounting to RM7,046,000 (2004: RM10,990,000) have been pledged to a bank as security for term loans and bank overdrafts facilities (Note 22).

Borrowing cost of RM177,000 (2004: RM308,000) arising on funds borrowed generally for property development activities, was capitalised during the financial year by applying the borrowing rate of 7.25% (2004: 7.25%) per annum and is included in development costs.

18. Trade and other receivables

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Trade receivables	36,078	39,902	32,831	36,468
Allowance for doubtful debts	(123)	(109)	(123)	(109)
	35,955	39,793	32,708	36,359
Accrued progress billings	4,676	1,106	0	55
Other receivables	591	662	560	662
Deposits	227	238	197	224
Prepayments	32	40	17	23
	41,481	41,839	33,482	37,323

Credit terms of trade receivables range from cash on delivery to 120 days (2004: cash on delivery to 120 days).

19. Amounts receivable from subsidiaries

The amounts receivable from subsidiaries are unsecured, interest free with no fixed terms of repayment.

20. Deposits, cash and bank balances/Cash and cash equivalents

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Deposits with licensed banks	600	1,300	600	1,300
Cash and bank balances	4,181	2,711	2,513	2,074
Deposits, cash and bank balances	4,781	4,011	3,113	3,374
Bank overdrafts (Note 22)	(3,291)	(2)	(1,247)	(2)
Cash and cash equivalents	1,490	4,009	1,866	3,372

Deposits, cash and bank balances of the Group and Company at the balance sheet date include bank balances held under Housing Development Account (opened and maintained under Section 7A of the Housing Development (Control and Licensing) Act 1966) of RM1,633,000 (2004: RM432,000) and RM56,000 (2004: RM189,000) respectively that may be used in accordance with the said Act.

21. Trade and other payables

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade payables	26,158	36,506	25,308	34,720
Trade accruals	3,123	4,230	2,731	3,781
	29,281	40,736	28,039	38,501

Credit terms of trade payables granted to the Group and Company vary from LC at sight to 120 days (2004: LC at sight to 120 days).

22. Borrowings

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current				
- Interest bearing				
Bank overdraft (unsecured)	1,247	2	1,247	2
Bank overdraft (secured)	2,044	0	0	0
	3,291	2	1,247	2

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Term loans (unsecured)	6,153	6,806	6,153	6,806
Term loan (secured)	1,276	1,667	0	0
Bankers' acceptance (unsecured)	27,080	20,986	27,080	20,986
Hire purchase liabilities (secured)	34	29	13	10
	34,543	29,488	33,246	27,802
- Profit bearing				
Al-Bai Bithaman-Ajil financing (unsecured)	0	308	0	308
	37,834	29,798	34,493	28,112
Non current				
- Interest bearing				
Term loans (unsecured)	15,001	20,151	15,001	20,151
Term loan (secured)	0	1,667	0	0
Hire purchase liabilities (secured)	194	118	76	70
	15,195	21,936	15,077	20,221
	53,029	51,734	49,570	48,333
Total				
Bank overdraft (unsecured)	1,247	2	1,247	2
Bank overdraft (secured)	2,044	0	0	0
Term loans (unsecured)	21,154	26,957	21,154	26,957
Term loan (secured)	1,276	3,334	0	0
Bankers' acceptance (unsecured)	27,080	20,986	27,080	20,986
Al-Bai Bithaman-Ajil financing (unsecured)	0	308	0	308
Hire purchase liabilities (secured)	228	147	89	80
	53,029	51,734	49,570	48,333

The term loan and bank overdraft are secured by a first fixed charge for up to RM5 million and a fixed charge for up to RM3 million respectively over certain land included in the property development costs (Note 17) and inventory of certain completed development properties (Note 16) and covered by corporate guarantees issued by the Company.

Hire purchase liabilities are effectively secured as the rights to the hire purchase asset revert to the hiree in the event of default.

Interest on term loans is chargeable at the rates ranging from 4.75% to 7.25% (2004: 4.75% to 7.25%) per annum during the financial year. The bank term loans are repayable by 36 to 60 monthly instalments other than one bank term loan which is repayable by 10 bi-annually instalments over 60 months.

Interest on bank overdrafts and bankers' acceptance is chargeable at the rates ranging from 7.25% to 7.75% (2004: 7.25%) and 2.65% to 4.17% (2004: 2.45% to 3.95%) per annum respectively during the financial year.

23. Share capital

	Group and Company			
	2005 '000	2005 RM'000	2004 '000	2004 RM'000
Authorised:				
Ordinary shares of RM1.00 each				
As at beginning/end of financial year	**200,000**	**200,000**	200,000	200,000
Issued and fully paid:				
Ordinary shares of RM1.00 each				
As at beginning of financial year	**75,902**	**75,902**	75,463	75,463
Issued during the financial year				
- Pursuant to the Employees' Share Option Scheme	**0**	**0**	437	437
- Pursuant to the exercise of Warrants	**0**	**0**	2	2
As at end of financial year	**75,902**	**75,902**	75,902	75,902

The Employees' Share Option Scheme and Warrants had expired on 24 September 2004 and 23 January 2004 respectively.

24. Retained earnings

As at 31 December 2005, subject to agreement with the tax authorities, there are sufficient Malaysian (Section 108) tax credits and tax exempt income to frank all the retained earnings of the Company if paid out as dividends and tax exempt dividends.

25. Cash from/(used in) operations

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Net profit/(loss) for the financial year	**2,483**	2,901	**(882)**	2,012
Adjustments for:				
Property, plant and equipment				
- depreciation	**8,554**	7,818	**8,533**	7,793
- write off	**0**	1	**0**	1
- gain on disposals	**(11)**	(622)	**(15)**	(622)
Interest expense	**2,529**	683	**1,383**	476
Profit margin attributable to Al-Bai Bithaman-Ajil financing	**5**	76	**5**	76
Interest income	**(88)**	(74)	**(39)**	(70)
Share of results of associate	**(1,208)**	(161)	**0**	0
Minority interest	**143**	217	**0**	0
Tax charge/(credit)	**1,507**	1,345	**(380)**	878
Allowance for doubtful debts net of recoveries	**60**	37	**60**	37
Net gain on disposal of investment in an associate	**(27)**	0	**0**	0
Unrealised foreign exchange gain	**(92)**	0	**(35)**	0
Changes in working capital:				
- inventories	**660**	(22,074)	**2,405**	(21,788)
- property development costs	**5,760**	(2,237)	**3,671**	(2,440)
- receivables	**417**	(14,499)	**3,252**	(11,834)
- payables	**(11,221)**	20,590	**(10,373)**	18,657
Cash from/(used in) operations	**9,471**	(5,999)	**7,585**	(6,824)

26. Segment analysis

The Group is organised into two main business segments:

(i) Packaging - manufacture and printing of flexible packaging materials.

(ii) Property development - development of land into residential and commercial buildings.

(a) Primary reporting format - business segment

	Packaging RM'000	Property development RM'000	Eliminations RM'000	Group RM'000
2005				
Revenue	177,174	20,877	0	198,051
Results				
Segment results	(672)	6,318	0	5,646
Unallocated costs				(187)
Profit from operations				5,459
Finance cost				(2,534)
Share of associate's pretax results		1,208		1,208
Profit from ordinary activities before tax				4,133
Tax				
- Company and subsidiaries				(1,131)
- Associate				(376)
Profit after tax				2,626
Minority interest				(143)
Net profit for the financial year				2,483
Net assets				
Segment assets	178,704	23,902	(31,345)	171,261
Associate		21,145		21,145
Unallocated assets				253
Total assets				192,659
Segment liabilities	54,092	36,903	(31,345)	59,650
Unallocated liabilities				31,414
Total liabilities				91,064
Other information				
Capital expenditure	4,550	0	0	4,550
Depreciation and amortisation	8,554	0	0	8,554

	Packaging RM'000	Property development RM'000	Eliminations RM'000	Group RM'000
2004				
Revenue	152,485	8,192	0	160,677
Results				
Segment results	3,074	1,989	0	5,063
Unallocated costs				(2)
Profit from operations				5,061
Finance cost				(759)
Share of associates' pretax results		161		161
Profit from ordinary activities before tax				4,463
Tax				
- Company and subsidiaries				(1,288)
- Associate				(57)
Profit after tax				3,118
Minority interest				(217)
Net profit for the financial year				2,901
Net assets				
Segment assets	192,669	20,875	(32,147)	181,397
Associates		20,320		20,320
Unallocated assets				455
Total assets				202,172
Segment liabilities	57,790	36,079	(32,147)	61,722
Unallocated liabilities				39,963
Total liabilities				101,685
Other information				
Capital expenditure	16,896	0	0	16,896
Depreciation and amortisation	7,818	0	0	7,818

Unallocated costs represent common costs and expenses incurred in dormant subsidiaries net off against gain from disposal of an associate. Segment assets consist primarily of property, plant and equipment, land held for property development, inventories, property development costs, operating receivables and cash, and mainly exclude investments, tax recoverable and deferred tax assets. Segment liabilities comprise operating liabilities and certain borrowings and exclude items such as current and deferred tax liabilities. Capital expenditure comprises additions to property, plant and equipment.

(b) Secondary reporting format - geographical segment

No geographical segment is presented as the Group's operations are principally carried out in Malaysia.

27. Capital commitments

	Group and Company 2005 RM'000	Group and Company 2004 RM'000
Capital expenditure approved and contracted for:		
- in respect of purchase of plant and equipment	0	940

28. Contingent liabilities (unsecured)

The Company had given guarantees to a bank amounting to RM8 million (31.12.2004: RM5 million) for banking facilities extended to a subsidiary of which RM3.3 million (31.12.2004: RM3.3 million) was outstanding as at 31 December 2005.

29. Significant related party disclosures

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The related party transactions described below were carried out on agreed terms.

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Sales of goods to a subsidiary:				
- Daibochi Australia Pty Ltd	0	0	6,684	3,691
Purchase of services from an associate:				
- Skyline Resources (M) Sdn Bhd (management services)	420	0	120	0
Balances owing by subsidiaries				
- Daibochi Australia Pty Ltd	0	0	2,335	1,759
- Daibochi Land Sdn Bhd	0	0	30,176	28,990

30. Financial risk management

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, profit margin risk, credit risk and cash flow and liquidity risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders.

The Group has established a Risk Committee with written risk management policies and guidelines which set out the suitable risk framework for the Group.

(a) Foreign currency exchange risk

The Group incurs foreign exchange risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily the US Dollar. Since the Malaysian Government has allowed the Ringgit Malaysia against the US Dollar to operate in a managed float, the Company's direct exposure to foreign currency risk with regard to the US Dollar is minimal.

	Currency exposure at 31.12.2005		Currency exposure at 31.12.2004		
	US Dollar	Singapore Dollar	US Dollar	Singapore Dollar	Others
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
Functional currency - Ringgit Malaysia					
Trade receivables	9,592	725	8,633	789	0
Trade payables	(1,652)	(22)	(2,897)	(16)	(112)
Unhedged	7,940	703	5,736	773	(112)

	Currency exposure at 31.12.2005	Currency exposure at 31.12.2004
	Ringgit Malaysia	Ringgit Malaysia
	RM'000	RM'000
Group		
Functional currency - Australian Dollar		
Trade receivables	2,159	1,488
Deposits, cash and bank balances	54	104
Trade payables	(107)	(127)
Hire purchase liabilities	(139)	(67)
Unhedged	1,967	1,398

	Currency exposure at 31.12.2005		Currency exposure at 31.12.2004		
	US Dollar	Singapore Dollar	US Dollar	Singapore Dollar	Others
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
Functional currency - Ringgit Malaysia					
Trade receivables	9,592	725	8,633	789	0
Trade payables	(1,652)	(22)	(2,897)	(16)	(112)
Unhedged	7,940	703	5,736	773	(112)

(b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate debt. However, the exposure to interest rate risk is minimal as interest income is minimal and the Group is not heavily geared.

The net exposure of financial assets and liabilities of the Group and Company to interest rate cash flow risk are as follows:

Financial instruments	Functional currency/ currency exposure	Effective interest rate at balance sheet date % per annum	Total carrying amount RM'000	Floating interest rate <1 year RM'000	Fixed interest rate < 1 year RM'000	Fixed interest rate 1 - 5 years RM'000	Fixed interest rate > 5 years RM'000
Group							
As at 31 December 2005							
Deposits	RM/RM	2.50	600	600	0	0	0
Term loans	RM/RM	5.94	(22,430)	(22,430)	0	0	0
Bank overdraft	RM/RM	7.66	(3,291)	(3,291)	0	0	0
Hire purchase liabilities	RM/RM	4.96	(89)	0	(13)	(58)	(18)
Hire purchase liabilities	RM/AUD	7.35	(139)	0	(21)	(118)	0
Bankers' acceptance	RM/RM	3.25	(27,080)	(27,080)	0	0	0
			(52,429)	(52,201)	(34)	(176)	(18)
As at 31 December 2004							
Deposits	RM/RM	2.50	1,300	1,300	0	0	0
Term loans	RM/RM	5.84	(30,291)	(30,291)	0	0	0
Bank overdraft	RM/RM	7.00	(2)	(2)	0	0	0
Hire purchase liabilities	RM/RM	5.13	(80)	0	(10)	(44)	(26)
Hire purchase liabilities	RM/AUD	7.46	(67)	0	(19)	(48)	0
Bankers' acceptance	RM/RM	3.15	(20,986)	(20,986)	0	0	0
			(50,126)	(49,979)	(29)	(92)	(26)
Company							
As at 31 December 2005							
Deposits	RM/RM	2.50	600	600	0	0	0
Term loans	RM/RM	5.85	(21,154)	(21,154)	0	0	0
Bank overdraft	RM/RM	7.50	(1,247)	(1,247)	0	0	0
Hire purchase liabilities	RM/RM	4.96	(89)	0	(13)	(58)	(18)
Bankers' acceptance	RM/RM	3.25	(27,080)	(27,080)	0	0	0
			(48,970)	(48,881)	(13)	(58)	(18)
As at 31 December 2004							
Deposits	RM/RM	2.50	1,300	1,300	0	0	0
Term loans	RM/RM	5.67	(26,957)	(26,957)	0	0	0
Bank overdraft	RM/RM	7.00	(2)	(2)	0	0	0
Hire purchase liabilities	RM/RM	5.13	(80)	0	(10)	(44)	(26)
Bankers' acceptance	RM/RM	3.15	(20,986)	(20,986)	0	0	0
			(46,725)	(46,645)	(10)	(44)	(26)

(c) Credit risk

The Group's exposure to credit risk arises from its receivables and the maximum risk associated with recognised financial assets is the carrying amounts as presented in the balance sheet.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit.

Other than a few major multinational corporations, the Group has no significant concentration of credit risk with respect to trade receivables. The credit risk is further mitigated by the ongoing critical evaluation of the creditworthiness of the customers by the Credit Committee and the Group's large customer base.

(d) Cash flow and liquidity risk

The objective of sound and prudent liquidity management is to ensure that funds will be available at all times to honour all cash outflow obligations as they become due. Since liquidity risk is closely linked to credit risk, the previously mentioned credit risk control mechanisms apply to the monitoring and managing of liquidity risk.

(e) Fair values

The carrying amounts of financial assets and liabilities of the Group and Company at the balance sheet date approximated their fair values except as set out below:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
As at 31 December 2005				
Borrowings:				
- hire purchase liabilities	**(228)**	**(172)**	**(89)**	**(67)**
As at 31 December 2004				
Borrowings:				
- hire purchase liabilities	(147)	(114)	(80)	(56)

The methods by which fair value information was determined and any significant assumptions made in its application are as follows:

- bank overdrafts, cash equivalents, receivables and payables with a maturity period of less than one financial year (all of which were subject to normal credit terms) - carrying value at balance sheet date.
- borrowings other than bank overdrafts - future contractual cash flows discounted at current market interest rates available for similar financial instruments.

31. Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 23 March 2006.

Statement Of Shareholdings

as at 17 March 2006

SHAREHOLDINGS

Class of shares : Ordinary shares of RM1.00 each fully paid
Voting rights : One vote per shareholder on a show of hands
One vote per share on a poll

ANALYSIS OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares	%
less than 100	190	4.56	8,730	0,01
100 - 1,000	321	7.70	254,551	0.34
1,001 - 10,000	2,929	70.26	11,500,051	15.15
10,001 - 100,000	660	15.83	15,758,092	20.76
100,001 to less than 5% of issued shares	66	1.58	34,844,936	45.91
5% and above of issued shares	3	0.07	13,535,441	17.83
Total	4,169	100.00	75,901,801	100.00

THIRTY LARGEST SHAREHOLDERS

Name	No. of shares	%
Datuk Wong Soon Lim	3,553,773	4.68
Yulina Binti Baharuddin	3,072,000	4.05
Datin Teh Kim Hong	2,969,181	3.91
Low Chan Tian	2,902,320	3.82
Brian Low Chean Wei	2,208,449	2.91
Lim Koy Peng	2,105,000	2.77
Chew Soon Heng	2,057,748	2.71
HDM Nominees (Asing) Sdn Bhd - UOB Kay Hian Pte Ltd for YCH Holdings (Pte) Ltd	2,011,200	2.65
Chua Ah Nee	1,992,480	2.63
Low Chan Tian	1,815,500	2.39
Cimsec Nominees (Tempatan) Sdn Bhd - Ng Choh Choo	1,739,680	2.29
Cimsec Nominees (Asing) Sdn Bhd - Low Kim Foong	1,666,560	2.20
Brendan Low Kang Wei	1,631,515	2.15
Low Chung Kuay	1,349,210	1.78
Liow Keng Eng	1,336,000	1.76
Yong Jaw Teck	1,196,873	1.58
Datin Teh Kim Hong	1,188,000	1.57
Permodalan Nasional Berhad	1,173,500	1.55
Quarry Lane Sdn Bhd	1,000,000	1.32
Lee See Jin	796,800	1.05
Lim Keat Sear	698,400	0.92
Chong Chee Meng	625,600	0.82

HLB Nominees (Tempatan) Sdn Bhd - Datuk Wong Soon Lim	480,000	0.63
Tan Lean Cheng	437,380	0.58
Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd - Datuk Wong Soon Lim	408,000	0.54
Chua Tiang Kim	390,000	0.51
TA Nominees (Tempatan) Sdn Bhd - Oh Kim Sun	351,900	0.46
Low Keok Giap	331,000	0.44
Ong Siew Beng	313,000	0.41
Low Chung Kuay	310,041	0.41
	42,111,110	55.49

SUBSTANTIAL SHAREHOLDERS

Name	No. of shares	%
Low Chan Tian	4,717,820	6.22
Datuk Wong Soon Lim	4,660,440	6.14
Datin Teh Kim Hong	4,157,181	5.48
	13,535,441	17.84

DIRECTORS' SHAREHOLDINGS

Name	No. of shares	%
P. James Edwin A/L Louis Pushparatnam	5,280	0.01
Lim Soo Koon	60,000	0.08
Yong Jaw Teck	1,196,873	1.58
Datuk Wong Soon Lim	4,660,440	6.14
Low Chan Tian	4,717,820	6.22
Hiew Chee Peng	0	0
Chee Ho Chun	200,000	0.26
	10,840,413	14.29

List Of Properties

Location	Description	Age of buildings	Area	Tenure	Date of acquisition	Net book value as at 31 December 2005 RM'000
Fixed Assets						
Lot 3, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Factory buildings	1 building -13 years 2 buildings - 10 years 1 building - 8 years 1 building - 6 years 1 building - 5 years 1 building - < 1 year	2.062 hectares	Leasehold expiring on 24.05.2091	03.07.1995	9,678
Lot 7, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Factory buildings	2 buildings - 13 years 3 buildings - 12 years 1 building - 11 years 1 building - 10 years	2.692 hectares	Leasehold expiring on 24.05.2091	29.10.1991	12,152
PT 2598, Mukim of Bukit Baru, 75450 Melaka	Factory cum office building	12 years	8,344 sq metres	Leasehold expiring on 11.05.2094	24.05.2004	2,344
11/A2 Kondominium Siantan Puri, Kg Lapan, 75200 Melaka	1 unit 4 Bedroom Condominium	4 years	144 sq metres	Leasehold expiring on 24.08.2099	07.09.2001	179
					Total	24,353
Development Properties						
Taman Sentosa Lot 1016, Mukim of Bukit Baru, 75150 Melaka	Land and development costs	-	13,326 sq feet	Freehold	16.09.1989	219
Taman Cheng Bestari GM 28 Lot 271 & 275, Mukim of Bertam, 75250 Melaka	Land and development costs	-	312,146 sq feet	Freehold	30.09.2002	9,872
					Total	10,091

Form Of Proxy

CDS account no. of authorised nominee

I/We .... (name of shareholder as per NRIC, in capital letters) IC No./ID No./Company No. .... (new) .... (old) of .... (full address) being a member(s) of **DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD**, hereby appoint .... (name of proxy as per NRIC, in capital letters) IC No. .... (new) ....(old) or failing him/her .... (name of proxy per NRIC, in capital letters) IC No. .... (new) ....(old) or failing him/her THE CHAIRMAN OF THE MEETING, as my/our proxy to vote for me/us on my/our behalf at the Thirty Third Annual General Meeting of the Company, to be held at Bunga Dahlia, Level 7, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Thursday, 18 May 2006 at 10.00 a.m. and at any adjournment thereof.
My/our proxy is to vote as indicated below .

ORDINARY BUSINESS		**FOR**	**AGAINST**
1. Adoption of Reports and Financial Statements	Resolution 1		
2. Declaration of Dividend	Resolution 2		
3. Approval of Directors' fees	Resolution 3		
4. Re-election of Director under Article 103 - P. James Edwin A/L Louis Pushparatnam	Resolution 4		
5. Re-election of Director under Article 103 - Yong Jaw Teck	Resolution 5		
6. Appointment of Messrs Deloitte KassimChan as the Company's Auditors for the ensuing year	Resolution 6		
SPECIAL BUSINESS			
7. Authority for Directors to allot shares pursuant to Section 132D of the Companies Act, 1965	Resolution 7		

(Please indicate with an "X" in the spaces provided how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion)

____
Signature/Common Seal

Number of shares held: ________________

Date: ________________

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

NOTES: -
1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints two or more proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company, Kompleks Daibochi Plastic, Lot 3 & 7 Air Keroh Industrial Estate, Phase IV, 75450 Melaka not less than forty-eight (48) hours before the time appointed for holding the meeting.

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AFFIX STAMP

DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD.
Kompleks Daibochi Plastic
Lot 3 & 7 Ayer Keoh Industrial Estate, Phase IV,
75450 Melaka. West Malaysia.
P.O. Box 263, 75750 Melaka, West Malaysia.

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DAIBOCHI

Daibochi Plastic And Packaging Industry Bhd. (12994-W)

Kompleks Daibochi Plastic, Lot 3 & 7, Air Keroh Industrial Estate,
Phase IV 75450 Melaka, West Malaysia.
P.O. Box 263, 75750 Melaka, West Malaysia.
Tel: 06-231 2746 Fax: 06-232 8988