



**Daibochi Plastic And Packaging
Industry Bhd.**

(12994-W)

Annual Report 2004

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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty Second Annual General Meeting of the Company will be held at Meranti Room, Level II, Hotel Equatorial Melaka, Bandar Hilir, 75000 Melaka on Thursday, 19 May 2005 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 2004 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 2004. (Resolution 2)
3. To approve Directors' fees for the year ended 31 December 2004 amounting to RM19,500 (2003: RM 68,600). (Resolution 3)
4. To re-elect Hiew Chee Peng who is retiring under Article 94 of the Company's Articles of Association. (Resolution 4)
5. To re-elect Lim Soo Koon who is retiring under Article 94 of the Company's Articles of Association. (Resolution 5)
6. To re-elect Chee Ho Chun who is retiring under Article 94 of the Company's Articles of Association. (Resolution 6)
7. To re-elect Datuk Wong Soon Lim who is retiring under Article 103 of the Company's Articles of Association. (Resolution 7)
8. To re-elect Low Chan Koon who is retiring under Article 103 of the Company's Articles of Association. (Resolution 8)
9. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 9)

AS SPECIAL BUSINESS:

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

10. "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 10)
11. 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 27 May 2005 to 28 May 2005, both dates inclusive, to determine shareholders' entitlement to the dividend payment. The dividend, if approved, will be paid on 16 June 2005 to shareholders whose names appear in the Register of Members and Record of Depositors on 26 May 2005.

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 26 May 2005 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: 27 April 2005

NOTES:

- 1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- 2. 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.
- 3. 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 10 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/re-appointment at the Thirty Second Annual General Meeting are:

(a) Hiew Chee Peng	(Resolution 4)
(b) Lim Soo Koon	(Resolution 5)
(c) Chee Ho Chun	(Resolution 6)
(d) Y. Bhg. Datuk Wong Soon Lim	(Resolution 7)
(e) Low Chan Koon	(Resolution 8)

The profiles of the above Directors are set out in the section entitled "Directors' Profiles" on pages 6 to 8. Their securities holdings information are set out in the section entitled "Directors' Shareholdings" on page 68.

2. Details of attendance of Directors at Board Meetings

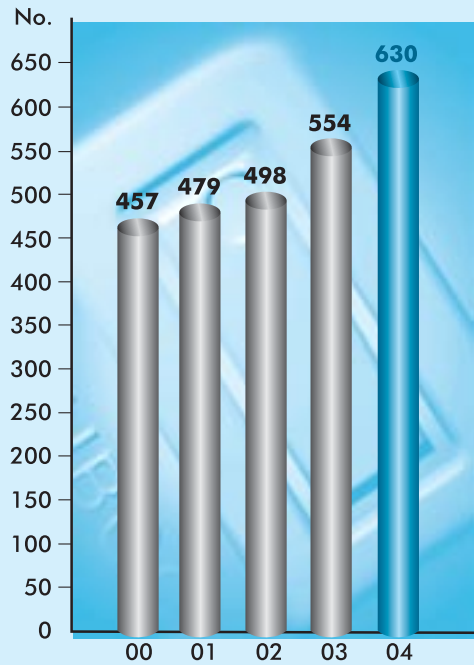
The attendance for the Directors are disclosed in their respective profiles in the section entitled "Directors' Profiles" on pages 6 to 8.

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

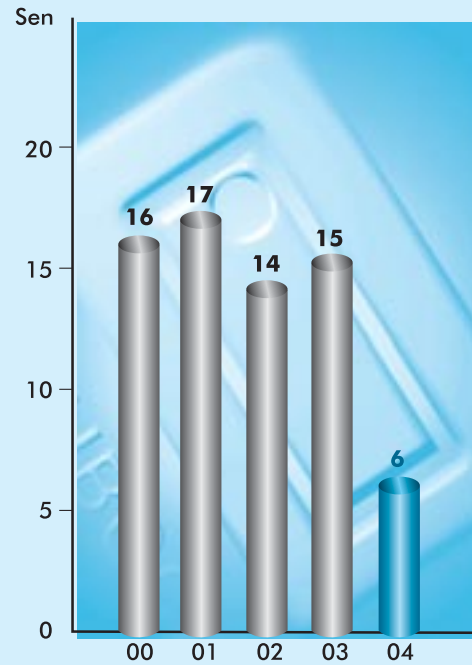
Place	Meranti Room, Level II, Hotel Equatorial Melaka, Bandar Hilir, 75000 Melaka
Date and time	19 May 2005 at 10.00 a.m.

Group Performance Charts

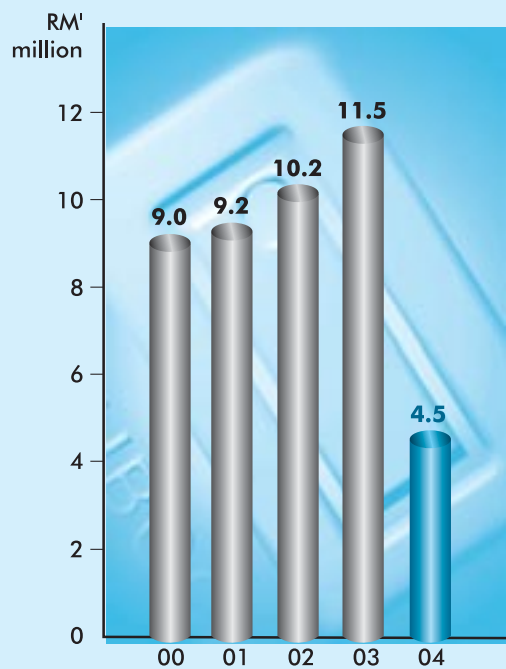
Employees



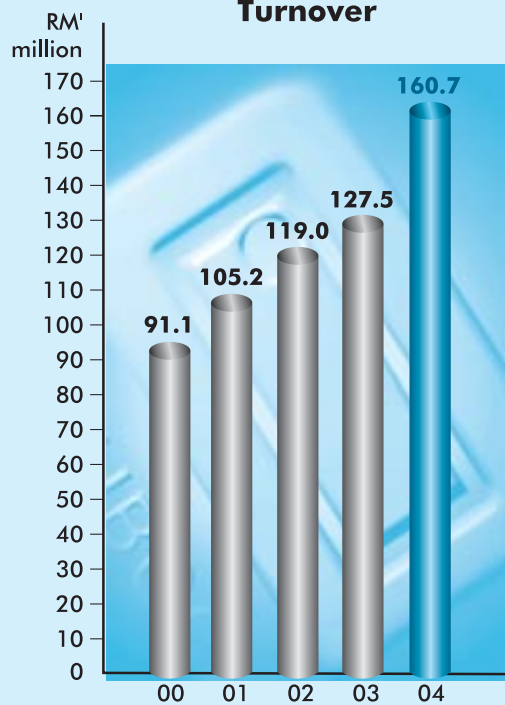
Gross earnings per share



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

Low Chan Koon
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

Malaysia Securities Exchange Berhad
Main Board
Sector: Industrial Products
Stock Name: Daibochi
Stock Code: 8125

Profiles Of Directors

P. James Edwin A/L Louis Pushparatnam, Malaysian, aged 49 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 2004.

Lim Soo Koon, Malaysian, aged 43 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.

He has not attended any of the Board of Directors' meetings held during the financial year ended 31 December 2004 since his appointment was after the financial year.

Yong Jaw Teck, Australian, aged 57 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 2004.

Y. Bhg. Datuk Wong Soon Lim, Malaysian, aged 51 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 2004.

Low Chan Tian, Malaysian, aged 49 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 brother of Low Chan Koon who is an Executive Director of Daibochi. He is also 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 all five (5) Board of Directors' meetings held during the financial year ended 31 December 2004.

Low Chan Koon, Malaysian, aged 53 was appointed to the Board of Daibochi on 13 August 1987. He was the former Managing Director of Daibochi from 1988 to 1996. Upon his resignation as Managing Director he remained on the Board as a Non-Executive Director and subsequently as an Executive Director since 1 April 1997.

He holds a degree in Engineering from the University of Western Australia. He has a wide experience in the manufacturing and property development industry.

Mr. Low is the brother of Low Chan Tian who is an Executive Director and substantial shareholder of Daibochi. He is also 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.

Of the five (5) Board of Directors' meetings held during the financial year ended 31 December 2004, he attended all except for one (1) which he had extended his apologies.

Hiew Chee Peng, Malaysian, aged 46 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.

Since his appointment he has attended all two (2) Board of Directors' meetings held during the financial year ended 31 December 2004.

Chee Ho Chun, Malaysian, aged 43 was appointed to the Board of Daibochi on 1 February 2005. He is an Independent Non-Executive Director.

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.

He has not attended any of the Board of Directors' meetings held during the financial year ended 31 December 2004 since his appointment was after the financial year.

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.

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.

Board balance

The Board currently comprises eight (8) members of which five (5) are Executive Directors and three (3) are Independent Non-Executive Directors. One third of the membership of the Board is made up of Independent Non-Executive Directors. A brief profile of each Director is presented on pages 6 to 8.

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 (except for Mr Lim Soo Koon and Mr Chee Ho Chun) have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by Bursa Malaysia Training Sdn Bhd. Mr Lim Soo Koon and Mr Chee Ho Chun will be attending the MAP within the stipulated four-month period for mandatory compliance of this requirement.

The Directors will continue to attend seminars and courses accredited by Bursa Malaysia Securities Berhad ("Bursa Securities") under the Continuing Education Programme to keep themselves updated on the various regulatory and corporate governance developments, besides enhancing their professionalism and knowledge to effectively discharge their duties and obligations.

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 8.

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.

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.

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.

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:

Tan Sri Dato' Dr. Abdul Khalid Bin Sahan (Chairman until his resignation on 20 May 2004)
 Datuk Haji Tamby Chik Bin Haji Hassan (until his demise on 30 July 2004)
 P. James Edwin A/L Louis Pushparatnam (appointed Chairman with effect from 1 October 2004)
 Hiew Chee Peng (appointed on 16 August 2004)

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 2004 by category and in bands of RM50,000 are as follows:

	<u>Salaries</u> RM'000	<u>Fees</u> RM'000	<u>Bonuses</u> RM'000	<u>Other emoluments</u> RM'000	<u>Benefits-in-kind</u> RM'000	<u>Total</u> RM'000
Executive Directors	708	0	315	102	19	1,144
Non-Executive Directors	0	20	0	89	0	109

	<u>Salaries</u>	<u>Bonuses</u>	<u>Other emoluments</u>	<u>Benefits-in-kind</u>
<u>Executive Directors</u>				
Up to RM50,000	0	0	4	1
RM50,001 - RM100,000	0	3	0	0
RM100,001 - RM150,000	3	1	0	0
RM300,001 - RM350,000	1	0	0	0

	<u>Fees</u>	<u>Other emoluments</u>
<u>Non-Executive Directors</u>		
Up to RM50,000	2	4

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:

Tan Sri Dato' Dr. Abdul Khalid Bin Sahan (Chairman until his resignation on 20 May 2004)
 Datuk Haji Tamby Chik Bin Haji Hassan (until his demise on 30 July 2004)
 P. James Edwin A/L Louis Pushparatnam (appointed Chairman with effect from 1 October 2004)
 Hiew Chee Peng (appointed on 16 August 2004)
 Yong Jaw Teck (resigned on 1 February 2005)
 Lim Soo Koon (appointed on 1 February 2005)

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 17 to 19 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 Securities.

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.

The Board and the management are currently undertaking a formal approach towards risk management and are working towards implementing an effective risk management system.

Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors is set out on page 18 of this Annual Report.

Relations with shareholders

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 the Bursa Securities 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 Securities website. The Group has established a website at www.daibochiplastic.com which shareholders and analysts can access for information.

The Board encourages shareholders' active participation at the Company's Annual General Meeting ("AGM"). All Board members and the external auditors are present at the Company's AGM. The AGM provides an opportunity for the shareholders to clarify any issues and to have a better understanding of the business.

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 were no share buybacks by the Company.

c) Options, warrants or convertible securities

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

d) American Depositary Receipts ("ADR") or Global Depositary 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 - RM15,800
- 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 2004 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 17 to 19.

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 surveillance audits are conducted twice a year 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 25 February 2005.

Audit Committee Report

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2004.

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 2004 are as follows:

NAME	STATUS OF DIRECTORSHIP	INDEPENDENT	ATTENDANCE OF MEETINGS
Tan Sri Dato' Dr. Abdul Khalid Bin Sahan	Non-Executive Chairman (resigned on 20 May 2004)	Yes	Attended one (1) out of one (1) meeting
Datuk Haji Tamby Chik Bin Haji Hassan	Non-Executive Director (deceased on 30 July 2004)	Yes	Attended two (2) out of two (2) meetings
P. James Edwin A/L Louis Pushparatnam	Non-Executive Chairman (appointed Chairman with effect from 1 October 2004)	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 (appointed on 16 August 2004)	Yes	Attended two (2) out of two (2) meetings

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 Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

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 annual plan. 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 effectiveness of the system of internal control after its reviews.

Chairman's Statement

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report of the Group for the year ended 31 December 2004.

BUSINESS AND FINANCIAL REVIEW

The Company's core business continues to be the manufacturing of quality flexible packaging materials. During the second half of the year the Group launched two property development projects.

The year under review had been a very difficult year for the Company as the business environment for the packaging industry continued to be very challenging and competitive.

The Group has achieved another record turnover year with a manufacturing turnover of RM152.485 million for 2004 as compared to RM127.548 million in 2003, registering an increase of 19.6%. However, the substantial increases in the major raw material prices as a result of the steep increases in the price of crude oil have adversely affected the profitability of the packaging business. The Group only recorded a pre-tax profit from the packaging business of RM2.516 million in 2004 against RM11.546 million in 2003.

The property development activities of the Group contributed a turnover of RM8.192 million and a pre-tax profit of RM1.788 million respectively from the maiden projects that were launched in 2004.

PROSPECTS

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

We are continuing with our efforts to maintain our market leadership in the flexible packaging industry as well as the focus on continuous cost cutting measures in order to achieve sustainable growth. Most world economies are anticipating growth in the coming year and barring unforeseen circumstances the Directors are of the opinion that the performance of the Group for the year ahead 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 2004.

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.

Last but not least I wish to extend my appreciation to our very dedicated management team and employees and my fellow Directors for their unwavering commitment and support in what has been an extremely challenging and trying year for us.

P. JAMES EDWIN A/L LOUIS PUSHPARATNAM
CHAIRMAN

22 March 2005



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 2004.

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 after taxation	3,118	2,012
Minority interest	(217)	0
Net profit for the financial year	<u>2,901</u>	<u>2,012</u>

Dividends

The amounts of dividends paid or declared by the Company since 31 December 2003 were as follows:

RM'000

In respect of the financial year ended 31 December 2003
as shown in the Directors' report of that financial year -

First and final tax exempt dividend of 4.5 sen per ordinary share on 75,134,968 ordinary shares paid on 16 June 2004	<u>3,416</u>
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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 which will be paid on 16 June 2005 to shareholders registered on the Company's Register of Members at the close of business on 26 May 2005.

Share capital

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM75,463,168 to RM75,901,801 by way of exercise of warrants to subscribe for 1,333 ordinary shares of RM1.46 each and exercise of options to subscribe for 437,300 ordinary shares of RM1.00 each under the Employees' Share Option Scheme at the exercise price of RM1.00 per ordinary share.

The newly issued shares rank pari passu in all respects with the existing issued ordinary shares except that they will not qualify for any dividend or distribution declared to members on the Register of Members and Record of Depositors as at the relevant books closing date which precedes the date of allotment of the new ordinary shares or the option exercise date.

Employees' Share Option Scheme

The Employees' Share Option Scheme ("the Scheme") was approved by the members at the Extraordinary General Meeting held on 24 July 1999.

The principal features of the Scheme are as follows:

- (a) The total number of new ordinary shares to be offered under the Scheme shall be subject to a maximum of 10% of the issued and paid-up share capital of the Company at any time during the existence of the Scheme;
- (b) Only employees and Executive Directors who have been confirmed in the employment of the Company and/or its subsidiaries and who have served the Group for at least one year as employees as at the date of the offer shall be eligible to participate in the Scheme;
- (c) The price payable for each new ordinary share under the Scheme upon exercise of the option shall be the average of the mean market quotation of the ordinary shares of the Company as shown in the daily official list issued by the Bursa Malaysia Securities Berhad for the five trading days preceding the date of the offer or the par value of the ordinary shares whichever is higher; and
- (d) The new ordinary shares of the Company to be issued pursuant to the Scheme will, upon allotment and issue, rank pari passu in all respects with its then existing ordinary shares except that they will not qualify for any dividend or distribution declared to shareholders on the Register of Members and Record of Depositors as at the relevant books closing date which precedes the option exercise date.

A total of 437,300 options were exercised during the financial year at an issue price of RM1.00.

The Scheme has expired on 24 September 2004 and the remaining unexercised options of 2,146,233 has lapsed.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the name of the persons to whom options have been granted during the financial year and details of their holdings.

Warrants

The warrants were detached from the 5% Guaranteed Bonds (issued on 24 January 1994 and repaid fully on 23 January 1999) on the basis of RM2.00 nominal value of the Bonds with one detachable warrant for every two existing ordinary shares held.

Each warrant entitles its registered holder at any time not exceeding five years from the date of its issue, to subscribe for one new ordinary share of RM1.00 each in the Company at an exercise price of RM3.50 per warrant. The duration and exercise period of the outstanding warrants were extended from 23 January 1999 to 23 January 2004.

A total of 1,333 warrants were exercised during the financial year at an issue price of RM1.46.

The listing of warrants has been removed from the official list of the Bursa Malaysia Securities Berhad with effect from 27 January 2004 and the remaining unexercised warrants of 23,206,718 has lapsed.

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:

Datuk Wong Soon Lim
 Low Chan Koon
 Yong Jaw Teck
 Low Chan Tian
 P. James Edwin A/L Louis Pushparatnam
 Hiew Chee Peng (appointed on 16 August 2004)
 Lim Soo Koon (appointed on 1 February 2005)
 Chee Ho Chun (appointed on 1 February 2005)
 Datuk Haji Tamby Chik Bin Haji Hassan (demised on 30 July 2004)
 Tan Sri Dato' Dr. Abdul Khalid Bin Sahan (retired on 20 May 2004)

In accordance with the Company's Articles of Association, Datuk Wong Soon Lim and Low Chan Koon retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with the Company's Articles of Association, Hiew Chee Peng, Lim Soo Koon and Chee Ho Chun, who were appointed during the period, 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, being arrangements with the object or objects of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the options over shares granted by the Company to eligible employees, including certain Directors of the Company, pursuant to the Employees' Share Option Scheme. The Employees' Share Option Scheme expired on 24 September 2004.

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.

Directors' interests in shares and debentures

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the year in shares, warrants and options over shares in the Company are as follows:

(a) Directors' interests in shares

	Number of ordinary shares of RM1.00 each			
	At 1.1.2004	Bought	Sold	At 31.12.2004
Datuk Wong Soon Lim	4,650,440	10,000	0	4,660,440
Low Chan Koon	3,090,164	49,800	100,000	3,039,964
Yong Jaw Teck	1,261,973	0	65,100	1,196,873
Low Chan Tian	4,373,520	0	0	4,373,520
P. James Edwin A/L Louis Pushparatnam	5,280	0	0	5,280

(b) Warrants with a right to subscribe for ordinary shares on the basis of one new ordinary share for every one warrant held at an exercise price of RM1.46 per warrant. The exercise of the warrants lapsed on 27 January 2004.

	Number of warrants				
	At 1.1.2004	Bought	Sold	Lapsed	At 31.12.2004
Datuk Wong Soon Lim	67	0	0	67	0
Low Chan Koon	79	0	0	79	0
Yong Jaw Teck	33	0	0	33	0
P. James Edwin A/L Louis Pushparatnam	3,000	0	0	3,000	0

- (c) Share options granted pursuant to the Employees' Share Option Scheme and entitles the holder to subscribe for one new ordinary share of RM1.00 each for every option held at RM1.00 per share. The Scheme expired on 24 September 2004.

	<u>At</u> <u>1.1.2004</u>	<u>Granted</u>	<u>Exercised</u>	<u>Number of options</u> <u>Lapsed</u>	<u>At</u> <u>31.12.2004</u>
Datuk Wong Soon Lim	54,933	0	0	54,933	0
Yong Jaw Teck	67	0	0	67	0

Other than disclosed above, none of the other Directors in office at the end of the financial year held any interest in shares, warrants, options over 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:

- 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
- 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:

- 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
- which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or
- 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:

- 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
- 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.

Significant event

The significant event is disclosed in Note 30 to the financial statements.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 25 February 2005.

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 29 to 66 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 2004 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the applicable 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 25 February 2005.

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 29 to 66 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 25 February 2005.

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 10 to 52. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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 applicable 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 2004 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 15 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

25 February 2005

JAYARAJAN A/L U.RATHINASAMY
(No. 2059/06/06 (J))
Partner of the firm

Income Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

		Group		Company	
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	4	160,677	127,548	154,208	126,430
Cost of sales	5	(150,496)	(109,067)	(146,397)	(108,848)
Gross profit		10,181	18,481	7,811	17,582
Other operating income		1,782	1,187	1,774	1,185
Selling and distribution costs		(2,903)	(4,044)	(2,864)	(3,549)
Administrative expenses		(3,999)	(3,799)	(3,279)	(3,799)
Profit from operations	6	5,061	11,825	3,442	11,419
Finance cost	8	(759)	(323)	(552)	(316)
Share of results of associates		161	(1)	0	0
Profit from ordinary activities before tax		4,463	11,501	2,890	11,103
Tax					
- Company and subsidiaries		(1,288)	(1,662)	(878)	(1,567)
- Associates		(57)	0	0	0
	9	(1,345)	(1,662)	(878)	(1,567)
Profit after tax		3,118	9,839	2,012	9,536
Minority interest		(217)	(109)	0	0
Net profit for the financial year		2,901	9,730	2,012	9,536
Earnings per share (sen)					
- basic	10	3.8	12.9		
- diluted	10	3.8	12.9		
Dividends per share (sen)	11	2.0	4.5		

Balance Sheets

AS AT 31 DECEMBER 2004

		Group		Company	
	Note	<u>2004</u> RM'000	<u>2003</u> RM'000	<u>2004</u> RM'000	<u>2003</u> RM'000
Non current assets					
Property, plant and equipment	12	77,050	68,470	76,960	68,404
Land held for development	13(a)	0	7,583	0	0
Associates	14	20,320	9	0	0
Subsidiaries	15	0	0	250	250
Deferred tax assets	16	223	11	0	0
		<u>97,593</u>	<u>76,073</u>	<u>77,210</u>	<u>68,654</u>
Current assets					
Inventories	17	42,838	20,764	42,144	20,356
Property development costs	13(b)	15,661	5,533	3,890	1,450
Trade and other receivables	18	41,839	27,377	37,323	26,301
Amounts receivable from subsidiaries	19	0	0	30,858	7,463
Current tax recoverable		230	0	230	0
Deposits, cash and bank balances	20	4,011	7,469	3,374	7,344
		<u>104,579</u>	<u>61,143</u>	<u>117,819</u>	<u>62,914</u>
Less: Current liabilities					
Trade and other payables	21	40,736	20,211	38,501	19,924
Current tax liabilities		228	295	0	189
Borrowings	22				
- bank overdraft (interest bearing)		2	153	2	153
- others (interest bearing)		29,488	2,209	27,802	525
- others (profit bearing)		308	1,571	308	1,571
		<u>70,762</u>	<u>24,439</u>	<u>66,613</u>	<u>22,362</u>
Net current assets		33,817	36,704	51,206	40,552

		Group		Company	
	Note	<u>2004</u> RM'000	<u>2003</u> RM'000	<u>2004</u> RM'000	<u>2003</u> RM'000
Less: Non current liabilities					
Deferred tax liabilities	16	8,987	8,376	8,987	8,376
Borrowings	22				
- interest bearing		21,936	3,747	20,221	349
- profit bearing		0	308	0	308
		<u>30,923</u>	<u>12,431</u>	<u>29,208</u>	<u>9,033</u>
		<u>100,487</u>	<u>100,346</u>	<u>99,208</u>	<u>100,173</u>
Capital and reserves					
Share capital	23	75,902	75,463	75,902	75,463
Share premium		1,224	1,224	1,224	1,224
Retained earnings	24	23,035	23,550	22,082	23,486
Shareholders' equity		<u>100,161</u>	<u>100,237</u>	<u>99,208</u>	<u>100,173</u>
Minority interest		326	109	0	0
		<u>100,487</u>	<u>100,346</u>	<u>99,208</u>	<u>100,173</u>

Consolidated Statement Of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	Share capital RM'000	Non- distributable Share premium RM'000	Distributable Retained earnings RM'000	Total RM'000
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	<u>75,902</u>	<u>1,224</u>	<u>23,035</u>	<u>100,161</u>

2003

As at 1 January 2003	56,351	1,224	35,609	93,184
Shares issued during the financial year				
- pursuant to Employees' Share Option Scheme	328	0	0	328
- pursuant to Bonus Issue	18,784	0	(18,784)	0
Net profit for the financial year	0	0	9,730	9,730
Final dividend paid for the financial year ended:				
- 31 December 2002	0	0	(3,005)	(3,005)
As at 31 December 2003	<u>75,463</u>	<u>1,224</u>	<u>23,550</u>	<u>100,237</u>

Company Statement Of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	Share capital RM'000	Non- distributable Share premium RM'000	Distributable Retained earnings RM'000	Total RM'000
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	<u>75,902</u>	<u>1,224</u>	<u>22,082</u>	<u>99,208</u>

2003

As at 1 January 2003	56,351	1,224	35,739	93,314
Shares issued during the financial year				
- pursuant to Employees' Share Option Scheme	328	0	0	328
- pursuant to Bonus Issue	18,784	0	(18,784)	0
Net profit for the financial year	0	0	9,536	9,536
Final dividend paid for the financial year ended:				
- 31 December 2002	0	0	(3,005)	(3,005)
As at 31 December 2003	<u>75,463</u>	<u>1,224</u>	<u>23,486</u>	<u>100,173</u>

Consolidated Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	Note	2004 RM'000	2003 RM'000
Cash flows from operating activities			
Cash receipts from customers and other receivables		147,262	125,075
Cash paid to suppliers, employees and other payables		(153,261)	(112,567)
Cash (used in)/from operations	25	(5,999)	12,508
Interest paid		(991)	(527)
Profit margin - attributable to Al-Bai Bithaman-Ajil financing		(76)	(166)
Tax paid		(1,191)	(1,350)
Net cash (used in)/from operating activities		(8,257)	10,465
Cash flows from investing activities			
Purchase of investment in an associate		(20,207)	0
Proceeds from disposal of property, plant and equipment		1,121	77
Purchase of property, plant and equipment		(16,896)	(4,667)
Interest received		74	176
Net cash used in investing activities		(35,908)	(4,414)
Cash flows from financing activities			
Dividend paid to shareholders		(3,416)	(3,005)
Proceeds from issuance of shares		439	328
Proceeds from term loans drawn down		27,303	0
Repayments of term loans		(4,457)	(4,534)
Proceeds from trade finance drawn down (net)		20,986	0
Net cash from/(used in) financing activities		40,855	(7,211)
Net decrease in cash and cash equivalents		(3,310)	(1,160)
Cash and cash equivalents at the beginning of financial year		7,316	8,446
Currency translation difference		3	30
Cash and cash equivalents at the end of financial year	20	4,009	7,316

Company Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	Note	2004 RM'000	2003 RM'000
Cash flows from operating activities			
Cash receipts from customers and other receivables		143,473	124,407
Cash paid to suppliers, employees and other payables		(150,297)	(111,550)
Cash (used in)/from operations	25	(6,824)	12,857
Interest paid		(476)	(150)
Profit margin - attributable to Al-Bai Bithaman-Ajil financing		(76)	(166)
Tax paid		(686)	(1,350)
Net cash (used in)/from operating activities		(8,062)	11,191
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		1,121	77
Purchase of property, plant and equipment		(16,849)	(4,660)
Interest received		70	174
Net cash used in investing activities		(15,658)	(4,409)
Cash flows from financing activities			
Advances to subsidiaries		(22,621)	(538)
Dividend paid to shareholders		(3,416)	(3,005)
Proceeds from issuance of shares		439	328
Proceeds from term loans drawn down		27,303	0
Repayments of term loans		(2,790)	(4,518)
Proceeds from trade finance drawn down (net)		20,986	0
Net cash from/(used in) financing activities		19,901	(7,733)
Net decrease in cash and cash equivalents		(3,819)	(951)
Cash and cash equivalents at the beginning of financial year		7,191	8,142
Cash and cash equivalents at the end of financial year	20	3,372	7,191

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 2004 for the Group was 630 (2003: 554) and for the Company was 626 (2003: 551).

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 applicable 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 applicable 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) Associates

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 in the income statement the Group's share of the results of associates for the year. 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).

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, including withholding taxes payable by a foreign subsidiary or associate on distributions of retained earnings to companies in the Group.

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 activities**(i) Land held for property development**

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non current asset and is stated at cost.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is transferred to property development costs (under current assets) when significant development work has been undertaken and is expected to be completed within the Group's normal operating cycle.

(ii) 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 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 leases and hire purchase

Leases and hire purchase of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases and hire purchase.

Finance leases and hire purchase are capitalised at the inception of the lease and hire purchase, at the lower of the fair value of the leased and hire purchase asset or the present value of the minimum finance lease and hire purchase payments. The corresponding obligations, net of finance charges, are included as liabilities. Each finance lease and hire purchase payment is allocated between the liability and finance charges 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 leases 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 closing rates used in translation of foreign currency amounts at balance sheet date were as follows:

	2004	2003
Foreign currency	RM	RM
1 US Dollar	3.80	3.80
1 Singapore Dollar	2.28	2.20
1 Australian Dollar	2.93	2.82

(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 any, 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/profit margin 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.

(iii) Equity compensation benefits

Details of the Group's Employee Share Option Scheme are set out in Note 23 to the financial statements. The Group does not make a charge to the income statement in connection with share options granted. When the share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital and share premium.

(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	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	RM'000	RM'000	RM'000	RM'000
Sale of goods	152,485	127,548	151,453	126,430
Property development	8,192	0	2,755	0
	<u>160,677</u>	<u>127,548</u>	<u>154,208</u>	<u>126,430</u>

5. Cost of sales

	Group		Company	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	RM'000	RM'000	RM'000	RM'000
Cost of inventories sold	144,512	109,067	144,403	108,848
Property development costs	5,984	0	1,994	0
	<u>150,496</u>	<u>109,067</u>	<u>146,397</u>	<u>108,848</u>

6. Profit from operations

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

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
- depreciation charge	7,818	7,782	7,793	7,762
- write off	1	0	1	0
- gain on disposals	(622)	(77)	(622)	(77)
Auditors' remuneration				
- current year	48	46	31	31
- under accrual in prior year	0	3	0	3
Rental of premises	41	39	41	39
Staff costs (including remuneration of Executive Directors)				
- wages, salaries and bonus	13,418	13,967	13,008	13,654
- defined contribution retirement plan	1,290	1,377	1,252	1,348
- other employee benefits	869	739	844	718
Interest income	(74)	(176)	(70)	(174)
Allowance for doubtful debts net of recoveries	37	(20)	37	(20)
Foreign exchange gain				
- realised	(261)	(456)	(260)	(366)

7. Directors' remuneration

The aggregate amount of emoluments receivable by Directors of the Company during the financial year were as follows:

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Non-executive Directors:				
- fees	20	69	20	69
- allowances	89	135	89	135
Executive Directors:				
- estimated monetary value of benefits-in-kind	19	19	19	19
- basic salaries, bonus and other emoluments	1,002	1,640	1,002	1,640
- defined contribution retirement plan	123	188	123	188
	1,253	2,051	1,253	2,051

Executive Directors of the Company have been granted options under the Employees' Share Option Scheme on the same terms and conditions as those offered to other employees of the Group (see Note 23) as follows:

<u>Grant date</u>	<u>Expiry date</u>	<u>Exercise price</u> RM/share	<u>At</u> <u>1.1.2004</u> <u>'000</u>	<u>Exercised</u> <u>'000</u>	<u>Lapsed</u> <u>'000</u>	<u>At</u> <u>31.12.2004</u> <u>'000</u>
7.10.1999	24.9.2004	1.00	55	0	55	0
					<u>2004</u> <u>'000</u>	<u>2003</u> <u>'000</u>
					0	55

Number of share options vested at balance sheet date

8. Finance cost

	<u>Group</u>		<u>Company</u>	
	<u>2004</u> <u>RM'000</u>	<u>2003</u> <u>RM'000</u>	<u>2004</u> <u>RM'000</u>	<u>2003</u> <u>RM'000</u>
Interest expense on:				
- Term loans	371	149	170	150
- Bankers' acceptances	285	0	285	0
- Others	21	0	21	0
- Hire purchase liabilities	6	8	0	0
Profit margin attributable to Al-Bai Bithaman-Ajil financing	76	166	76	166
	<u>759</u>	<u>323</u>	<u>552</u>	<u>316</u>

9. Tax

(a) The tax charge comprise:

	<u>Group</u>		<u>Company</u>	
	<u>2004</u> <u>RM'000</u>	<u>2003</u> <u>RM'000</u>	<u>2004</u> <u>RM'000</u>	<u>2003</u> <u>RM'000</u>
Current tax				
Current year				
- Malaysian tax	835	814	236	814
- foreign tax	93	111	0	0
Benefit from previously unrecognised tax loss	(13)	(5)	0	0
Underaccrual in prior years (net)	31	109	31	109
	<u>946</u>	<u>1,029</u>	<u>267</u>	<u>923</u>
Deferred tax				
Origination of temporary differences (Note 16)	399	633	611	644
	<u>1,345</u>	<u>1,662</u>	<u>878</u>	<u>1,567</u>

(b) Numerical reconciliation of tax expense

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

	Group		Company	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit before tax	<u>4,463</u>	<u>11,501</u>	<u>2,890</u>	<u>11,103</u>
Theoretical tax charge calculated at statutory tax rate of 28% (2003: 28%)	1,250	3,220	809	3,109
Tax effects of:				
- different tax rate in other country	11	7	0	0
- different tax rate for different level of income	(40)	0	0	0
- expenses not deductible for tax purposes	239	146	74	145
- income not subject to tax	(21)	(33)	(21)	(8)
- current year's tax losses not recognised	0	8	0	0
- previously unrecognised tax losses	(13)	(5)	0	0
- effect of reversal of temporary differences for which the tax effect were not recognised in prior financial year	(65)	(5)	0	0
- utilisation of tax incentives	(14)	(1,788)	(14)	(1,788)
- others	(33)	3	(1)	0
Underaccrual in prior years (net)	31	109	31	109
Tax charge for the financial year	<u>1,345</u>	<u>1,662</u>	<u>878</u>	<u>1,567</u>

10. Earnings per share**(a) Basic 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.

	<u>2004</u>	<u>2003</u>
Net profit for the financial year (RM'000)	<u>2,901</u>	<u>9,730</u>
Weighted average number of ordinary shares in issue ('000)	<u>75,792</u>	<u>75,181</u>
Basic earnings per share (sen)	<u>3.8</u>	<u>12.9</u>

(b) Diluted earnings per share

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: warrants with a right to subscribe for ordinary shares and share options granted to employees, of which warrants expired on 27 January 2004 and options expired on 24 September 2004.

In calculating diluted earnings per share, the warrants and the share options granted to employees are assumed to have been exercised and converted into ordinary shares. A calculation is done to determine the number of shares that could have been acquired at market price (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding warrants and share options. This calculation serves to determine the 'unpurchased' shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit for the financial year for the warrants and share options calculation.

	<u>2004</u>	<u>2003</u>
Net profit for the financial year (RM'000)	<u>2,901</u>	<u>9,730</u>
Weighted average number of ordinary shares in issue ('000)	<u>75,792</u>	75,181
Adjustments for:		
- share options	0	415
- warrants	0	0
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>75,792</u>	<u>75,596</u>
Diluted earnings per share (sen)	<u>3.8</u>	<u>12.9</u>

11. Dividends

Dividends declared or proposed are as follows:

	Group and Company			
	<u>2004</u>		<u>2003</u>	
	<u>Gross</u>	<u>Amount of</u>	<u>Gross</u>	<u>Amount of</u>
	<u>per share</u>	<u>dividend</u>	<u>per share</u>	<u>dividend</u>
	<u>Sen</u>	<u>net of tax</u>	<u>Sen</u>	<u>net of tax</u>
		<u>RM'000</u>		<u>RM'000</u>
First and final tax exempt dividend	<u>2.0</u>	<u>1,518</u>	<u>4.5</u>	<u>3,416</u>

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 which will be paid on 16 June 2005 to shareholders registered on the Company's Register of Members at the close of business on 26 May 2005.

12. Property, plant and equipment

<u>Group</u>	<u>Freehold land RM'000</u>	<u>Long leasehold land RM'000</u>	<u>Buildings RM'000</u>	<u>Motor vehicles RM'000</u>	<u>Plant and machinery RM'000</u>	<u>Printing cylinders RM'000</u>	<u>Furniture and fittings and office equipment RM'000</u>	<u>Total RM'000</u>
<u>Movement of net book value</u>								
As at 1 January 2004	160	5,167	16,208	796	42,734	2,205	1,200	68,470
Additions	0	1,376	1,364	294	12,324	1,142	396	16,896
Currency translation difference	0	0	0	2	0	0	0	2
Disposals	(160)	0	(277)	(1)	(59)	0	(2)	(499)
Write off	0	0	0	0	0	0	(1)	(1)
Depreciation charge	0	(67)	(378)	(295)	(5,876)	(881)	(321)	(7,818)
As at 31December 2004	0	6,476	16,917	796	49,123	2,466	1,272	77,050
<u>As at 31December 2004</u>								
Cost	0	7,036	19,444	2,357	102,772	10,158	2,781	144,548
Accumulated depreciation	0	(560)	(2,527)	(1,561)	(53,649)	(7,692)	(1,509)	(67,498)
Net book value	0	6,476	16,917	796	49,123	2,466	1,272	77,050
<u>As at 31December 2003</u>								
Cost	160	5,659	18,367	2,215	94,132	9,016	2,413	131,962
Accumulated depreciation	0	(492)	(2,159)	(1,419)	(51,398)	(6,811)	(1,213)	(63,492)
Net book value	160	5,167	16,208	796	42,734	2,205	1,200	68,470

Company**Movement of net
book value**

As at 1 January 2004	160	5,167	16,208	736	42,734	2,205	1,194	68,404
Additions	0	1,376	1,364	294	12,324	1,142	349	16,849
Disposals	(160)	0	(277)	(1)	(59)	0	(2)	(499)
Write off	0	0	0	0	0	0	(1)	(1)
Depreciation charge	0	(67)	(378)	(275)	(5,876)	(881)	(316)	(7,793)
As at 31December 2004	0	6,476	16,917	754	49,123	2,466	1,224	76,960

	Freehold land RM'000	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 2004								
Cost	0	7,036	19,444	2,256	102,772	10,158	2,737	144,403
Accumulated depreciation	0	(560)	(2,527)	(1,502)	(53,649)	(7,692)	(1,513)	(67,443)
Net book value	0	6,476	16,917	754	49,123	2,466	1,224	76,960
As at 31 December 2003								
Cost	160	5,659	18,367	2,118	94,132	9,016	2,406	131,858
Accumulated depreciation	0	(492)	(2,159)	(1,382)	(51,398)	(6,811)	(1,212)	(63,454)
Net book value	160	5,167	16,208	736	42,734	2,205	1,194	68,404

13. Property development activities

(a) Land held for property development

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Freehold land, at cost	0	7,055	0	0
Development costs	0	528	0	0
	0	7,583	0	0
At beginning of financial year	7,583	10,854	0	0
Transfer from property, plant and equipment	0	503	0	503
Development costs incurred during the year	11	812	0	0
	7,594	12,169	0	503
Transfer to property development costs	(7,594)	(4,586)	0	(503)
At end of financial year	0	7,583	0	0

(b) Property development costs

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
At beginning of financial year				
- land	4,302	0	503	0
- development costs	1,231	0	947	0
	5,533	0	1,450	0
Cost incurred during the year				
- transfer from land held under property development	7,594	4,586	0	503
- reclassification from development costs to land	331	0	287	0
- reclassification from development costs	(331)	0	(287)	0
- development costs	8,518	947	4,434	947
	16,112	5,533	4,434	1,450
Cost charged to income statement	(5,984)	0	(1,994)	0
At end 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

The freehold land held for property development and included in property development costs has been pledged as security to the bank for bank term loan (Note 22).

Borrowing cost of RM308,000 (2003: RM371,000) arising on funds borrowed generally for property development activities, was capitalised during the financial year by applying the capitalisation rates of 7.25% (2003: 7.25% and 7.65%) per annum and is included in land held for property development of RM Nil (2003: RM241,000) and development costs of RM308,000 (2003: RM130,000).

14. Associates

	Group	
	<u>2004</u>	<u>2003</u>
	RM'000	RM'000
Unquoted shares at cost	20,282	75
Share of post-acquisition profit/(loss)	38	(66)
Total interest in associates	<u>20,320</u>	<u>9</u>
Represented by:		
Share of net tangible assets, at fair value	20,051	9
Goodwill on acquisition	269	0
	<u>20,320</u>	<u>9</u>

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

<u>Name of company</u>	<u>Principal activity</u>	<u>Country of incorporation</u>	<u>Equity interest</u>		<u>Financial Year end</u>
			<u>2004</u>	<u>2003</u>	
Cempaka Usaha Sdn Bhd	Property development - dormant	Malaysia	30%	30%	31 December
Skyline Resources (M) Sdn Bhd	Property development	Malaysia	36%	0	31 December

15. Subsidiaries

	Company	
	<u>2004</u>	<u>2003</u>
	RM'000	RM'000
Shares in unquoted corporations, at cost	<u>250</u>	<u>250</u>

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

<u>Name of company</u>	<u>Principal activity</u>	<u>Group's effective interest</u>		<u>Country of incorporation</u>
		<u>2004</u>	<u>2003</u>	
		%	%	
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

- Audited by other firm of auditors.

16. Deferred tax assets/(liabilities)

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

	Group		Company	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets				
- subject to foreign tax	12	11	0	0
- subject to income tax	211	0	0	0
	<u>223</u>	<u>11</u>	<u>0</u>	<u>0</u>
Deferred tax liabilities:				
- subject to income tax	(8,987)	(8,376)	(8,987)	(8,376)
	<u>(8,764)</u>	<u>(8,365)</u>	<u>(8,987)</u>	<u>(8,376)</u>

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

	Group		Company	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	RM'000	RM'000	RM'000	RM'000
As at beginning of financial year	(8,365)	(7,732)	(8,376)	(7,732)
(Charged)/credited to income statement (Note 9)				
- property, plant and equipment	(682)	(385)	(682)	(385)
- provisions	41	(259)	41	(259)
- others	242	11	30	0
	<u>(399)</u>	<u>(633)</u>	<u>(611)</u>	<u>(644)</u>
As at end of financial year	<u>(8,764)</u>	<u>(8,365)</u>	<u>(8,987)</u>	<u>(8,376)</u>
Subject to income tax				
<u>Deferred tax assets (before offsetting)</u>				
Provisions	344	303	344	303
Others	253	11	30	0
	<u>597</u>	<u>314</u>	<u>374</u>	<u>303</u>
Offsetting	(374)	(303)	(374)	(303)
Deferred tax assets (after offsetting)	<u>223</u>	<u>11</u>	<u>0</u>	<u>0</u>

	Group		Company	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	RM'000	RM'000	RM'000	RM'000
<u>Deferred tax liabilities (before offsetting)</u>				
Property, plant and equipment	(9,361)	(8,679)	(9,361)	(8,679)
Offsetting	374	303	374	303
Deferred tax liabilities (after offsetting)	<u>(8,987)</u>	<u>(8,376)</u>	<u>(8,987)</u>	<u>(8,376)</u>

The amount of unused tax losses (which has no expiry date) for which no deferred tax asset is recognised in the balance sheet is as follows:

	Group	
	<u>2004</u>	<u>2003</u>
	RM'000	RM'000
Tax losses	<u>0</u>	<u>47</u>

17. Inventories

	Group		Company	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	RM'000	RM'000	RM'000	RM'000
At cost				
Raw materials	18,569	10,919	18,569	10,919
Work-in-progress	8,552	3,583	8,552	3,583
Finished goods	6,336	6,212	5,642	5,804
Consumables	50	50	50	50
	<u>33,507</u>	<u>20,764</u>	<u>32,813</u>	<u>20,356</u>
At net realisable value				
Raw materials	4,425	0	4,425	0
Finished goods	4,906	0	4,906	0
	<u>9,331</u>	<u>0</u>	<u>9,331</u>	<u>0</u>
	<u>42,838</u>	<u>20,764</u>	<u>42,144</u>	<u>20,356</u>

18. Trade and other receivables

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Trade receivables	39,902	26,518	36,468	25,444
Allowance for doubtful debts	(109)	(72)	(109)	(72)
	39,793	26,446	36,359	25,372
Accrued progress billings	1,106	0	55	0
Other receivables	662	344	662	344
Deposits	238	559	224	559
Prepayments	40	28	23	26
	41,839	27,377	37,323	26,301

Credit terms of trade receivables range from 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	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	1,300	6,800	1,300	6,800
Cash and bank balances	2,711	669	2,074	544
Deposits, cash and bank balances	4,011	7,469	3,374	7,344
Bank overdrafts (Note 22)	(2)	(153)	(2)	(153)
Cash and cash equivalents	4,009	7,316	3,372	7,191

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 RM432,000 and RM189,000 respectively (2003: RM Nil) that may be used in accordance with the said Act.

21. Trade and other payables

	Group		Company	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	RM'000	RM'000	RM'000	RM'000
Trade payables	36,506	14,429	34,720	14,398
Trade accruals	4,230	5,782	3,781	5,526
	<u>40,736</u>	<u>20,211</u>	<u>38,501</u>	<u>19,924</u>

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

22. Borrowings

	Group		Company	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	RM'000	RM'000	RM'000	RM'000
Current				
- Interest bearing				
Bank overdraft (unsecured)	2	153	2	153
Term loans (unsecured)	6,806	525	6,806	525
Term loan (secured)	1,667	1,667	0	0
Bankers' acceptance (unsecured)	20,986	0	20,986	0
Hire purchase liabilities (secured)	29	17	10	0
	<u>29,488</u>	<u>2,209</u>	<u>27,802</u>	<u>525</u>
- Profit bearing				
Al-Bai Bithaman-Ajil financing (unsecured)	308	1,571	308	1,571
	<u>29,798</u>	<u>3,933</u>	<u>28,112</u>	<u>2,249</u>
Non current				
- Interest bearing				
Term loans (unsecured)	20,151	349	20,151	349
Term loan (secured)	1,667	3,333	0	0
Hire purchase liabilities (secured)	118	65	70	0
	<u>21,936</u>	<u>3,747</u>	<u>20,221</u>	<u>349</u>
- Profit bearing				
Al-Bai Bithaman-Ajil financing (unsecured)	0	308	0	308
	<u>21,936</u>	<u>4,055</u>	<u>20,221</u>	<u>657</u>
	<u>51,734</u>	<u>7,988</u>	<u>48,333</u>	<u>2,906</u>

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Total				
Bank overdraft (unsecured)	2	153	2	153
Term loans (unsecured)	26,957	874	26,957	874
Term loan (secured)	3,334	5,000	0	0
Bankers' acceptance (unsecured)	20,986	0	20,986	0
Al-Bai Bithaman-Ajil financing (unsecured)	308	1,879	308	1,879
Hire purchase liabilities (secured)	147	82	80	0
	<u>51,734</u>	<u>7,988</u>	<u>48,333</u>	<u>2,906</u>

The secured term loan is secured by a first fixed charge for up to RM5 million over the Group's freehold land held for development (Note 13) and covered by corporate guarantee 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% (2003: 4.90% to 8.15%) 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.

Profit margin for the Al-Bai Bithman-Ajil financing is fixed at 6.6% (2003:6.6%) per annum and has a financing tenure of 3 years.

23. Share capital

	Group and Company			
	2004	2004	2003	2003
	'000	RM'000	'000	RM'000
Authorised:				
<u>Ordinary shares of RM1.00 each</u>				
As at beginning/end of financial year	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:				
<u>Ordinary shares of RM1.00 each</u>				
As at beginning of financial year	75,463	75,463	56,351	56,351
Issued during the financial year				
- Pursuant to the Employees' Share Option Scheme	437	437	328	328
- Pursuant to the exercise of Warrants	2	2	0	0
- Pursuant to Bonus issue	0	0	18,784	18,784
As at end of financial year	<u>75,902</u>	<u>75,902</u>	<u>75,463</u>	<u>75,463</u>

The Company implemented the Employees' Share Option Scheme ("the Scheme") as approved by the members at the Extraordinary General Meeting held on 24 July 1999. The Scheme expired on 24 September 2004.

The principal features of the Scheme are as follows:

- (a) The total number of new ordinary shares to be offered under the Scheme shall be subject to a maximum of 10% of the issued and paid-up share capital of the Company at any time during the existence of the Scheme;
- (b) by employees and Executive Directors who have been confirmed in the employment of the Company and/or its subsidiaries and who have served the Group for at least one year as employees as at the date of the offer shall be eligible to participate in the Scheme;
- (c) The price payable for each new ordinary share under the Scheme upon exercise of the option shall be the average of the mean market quotation of the ordinary shares of the Company as shown in the daily official list issued by the Bursa Malaysia Securities Berhad for the five trading days preceding the date of the offer or the par value of the ordinary shares whichever is higher; and
- (d) The new ordinary shares of the Company to be issued pursuant to the Scheme will, upon allotment and issue, rank pari passu in all respects with its then existing ordinary shares except that they will not qualify for any dividend or distribution declared to shareholders on the Register of Members and Record of Depositors as at the relevant books closing date which precedes the option exercise date.

The movements during the financial year in the number of options over the shares of the Company were as follows:

	<u>2004</u> <u>'000</u>	<u>2003</u> <u>'000</u>
As at beginning of financial year	2,584	2,184
Adjustment pursuant to Bonus Issue	0	728
Exercised	(437)	(328)
Lapsed	(2,147)	0
As at end of financial year	<u>0</u>	<u>2,584</u>
Number of share options vested at balance sheet date	<u>0</u>	<u>2,584</u>

Details relating to options exercised during the financial year are as follows:

<u>Exercise date</u>	<u>Fair value of shares</u> <u>at share issue date</u> RM/share	<u>Exercise</u> <u>price</u> RM/share	<u>Number of shares issued</u> <u>2004</u> <u>'000</u>	<u>2003</u> <u>'000</u>
13.6.2003	1.03	1.00	0	12
12.9.2003	1.13	1.00	0	51
5.12.2003	1.18	1.00	0	265
12.3.2004	1.19	1.00	437	0
			<u>437</u>	<u>328</u>
Ordinary share capital - at par			437	328
Share premium			0	0
Proceeds received on exercise of share options			<u>437</u>	<u>328</u>
Fair value at exercise date of shares issued			<u>520</u>	<u>383</u>

The Company also issued warrants with a right to subscribe for ordinary shares. The warrants were detached from the 5% Guaranteed Bonds (issued on 24 January 1994 and repaid fully on 23 January 1999) on the basis of RM2.00 nominal value of the Bonds with one detachable warrant for every two existing ordinary shares held.

A total of 1,333 warrants were exercised during the financial year at an issue price of RM1.46.

The listing of warrants has been removed from the official list of the Bursa Malaysia Securities Berhad with effect from 27 January 2004 and the remaining unexercised warrants of 23,206,718 has lapsed.

24. Retained earnings

As at 31 December 2004, 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 (used in)/from operations

	Group		Company	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial year	2,901	9,730	2,012	9,536
Adjustments for:				
Property, plant and equipment				
- depreciation charge	7,818	7,782	7,793	7,762
- write off	1	0	1	0
- gain on disposals	(622)	(77)	(622)	(77)
Interest expense	683	157	476	150
Profit margin attributable to				
Al-Bai Bithaman-Ajil financing	76	166	76	166
Interest income	(74)	(176)	(70)	(174)
Share of results of associate	(161)	1	0	0
Minority interest	217	109	0	0
Tax charge	1,345	1,662	878	1,567
Allowance for doubtful debts				
net of recoveries	37	(20)	37	(20)
Changes in working capital:				
- inventories	(22,074)	(2,048)	(21,788)	(1,959)
- property development costs	(2,237)	(1,100)	(2,440)	(817)
- receivables	(14,499)	(3,413)	(11,834)	(2,937)
- payables	20,590	(265)	18,657	(340)
Cash (used in)/from operations	(5,999)	12,508	(6,824)	12,857

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	Property	Eliminations	Group
	RM'000	development	RM'000	RM'000
		RM'000		
2004				
Revenue	152,485	8,192	0	160,677
Results				
Segment results	3,074	1,989	0	5,063
Unallocated cost				(2)
Profit from operations				5,061
Finance cost	(558)	(201)	0	(759)
Share of associate's pretax results				161
Profit from ordinary activities before tax				4,463
Tax				
- Company and subsidiaries				(1,288)
- Associates				(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
Unallocated assets				455
Total assets				202,172
Segment liabilities	85,203	39,414	(32,147)	92,470
Unallocated liabilities				9,215
Total liabilities				101,685
Other information				
Capital expenditure	16,896	0	0	16,896
Depreciation and amortisation	7,818	0	0	7,818

	<u>Packaging</u> <u>RM'000</u>	<u>development</u> <u>RM'000</u>	<u>Property</u> <u>Eliminations</u> <u>RM'000</u>	<u>Group</u> <u>RM'000</u>
2003				
Revenue	127,548	0	0	127,548
Results				
Segment results	11,869	(41)	0	11,828
Unallocated cost				(3)
Profit from operations				11,825
Finance cost	(323)	0	0	(323)
Share of associate's pretax results				(1)
Profit from ordinary activities before tax				11,501
Tax				
- Company and subsidiaries				(1,662)
Profit after tax				9,839
Minority interest				(109)
Net profit for the financial year				9,730
Net assets				
Segment assets	130,403	13,164	(6,371)	137,196
Associate				9
Unallocated assets				11
Total assets				137,216
Segment liabilities	22,907	11,661	(6,371)	28,197
Unallocated liabilities				8,673
Total liabilities				36,870
Other information				
Capital expenditure	4,667	0	0	4,667
Depreciation and amortisation	7,782	0	0	7,782

Unallocated costs represent expenses incurred in dormant subsidiaries. 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 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	
	2004	2003
	RM'000	RM'000
Capital expenditure approved and contracted for:		
- in respect of purchase of plant and equipment	940	1,700

28. Contingent liabilities (unsecured)

The Company had given guarantees to banks amounting to RM5 million (31.12.2003: RM5 million) for banking facilities extended to subsidiaries of which RM3.3 million (31.12.2003: RM5 million) has been outstanding as at 31 December 2004.

29. 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 Company 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 US Dollars.

The Company does not hedge its trade receivables and trade payables as the exchange rate for US Dollar has been pegged to Ringgit Malaysia at 3.80. The transactions in foreign currency other than US Dollar are not substantial. Accordingly the exposure to foreign currency exchange risk is minimal.

	Currency exposure at 31.12.2004			Currency exposure at 31.12.2003		
	US	Singapore		US	Singapore	
	Dollar	Dollar	Others	Dollar	Dollar	Others
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Functional currency -						
Ringgit Malaysia						
Trade receivables	8,633	789	0	637	726	0
Trade payables	(2,897)	(16)	(112)	(998)	(30)	(120)
Unhedged	5,736	773	(112)	(361)	696	(120)

	<u>Currency exposure at 31.12.2004</u>	<u>Currency exposure at 31.12.2003</u>
	<u>Ringgit Malaysia</u>	<u>Ringgit Malaysia</u>
	<u>RM'000</u>	<u>RM'000</u>
Group		
Functional currency - Australian Dollar		
Trade receivables	1,488	1,074
Deposits, cash and bank balances	104	76
Trade payables	(127)	(31)
Hire purchase liabilities	(67)	(82)
Unhedged	<u>1,398</u>	<u>1,037</u>

	<u>Currency exposure at 31.12.2004</u>			<u>Currency exposure at 31.12.2003</u>		
	<u>US</u>	<u>Singapore</u>	<u>Others</u>	<u>US</u>	<u>Singapore</u>	<u>Others</u>
	<u>Dollar</u>	<u>Dollar</u>	<u>Others</u>	<u>Dollar</u>	<u>Dollar</u>	<u>Others</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Company						
Functional currency - Ringgit Malaysia						
Trade receivables	8,633	789	0	637	726	0
Trade payables	(2,897)	(16)	(112)	(998)	(30)	(120)
Unhedged	<u>5,736</u>	<u>773</u>	<u>(112)</u>	<u>(361)</u>	<u>696</u>	<u>(120)</u>

(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 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:

	Functional currency/ currency exposure	Effective interest at balance sheet date % per annum	Total carrying amount RM'000	Floating interest rate <1 year RM'000	< 1 year RM'000	Fixed interest rate 1 - 5 years RM'000		> 5 years RM'000
Financial instruments								
Group								
As at 31 December 2004								
Deposits	RM/RM	2.50	1,300	1,300	0	0	0	0
Term loans	RM/RM	5.84	(30,291)	(30,291)	0	0	0	0
Bank overdraft	RM/RM	7.00	(2)	(2)	0	0	0	0
Hire purchase liabilities	RM/RM	5.13	(80)	0	(10)	(44)	(26)	(26)
Hire purchase liabilities	RM/AUD	7.46	(67)	0	(19)	(48)	0	0
Bankers' acceptance	RM/RM	3.15	(20,986)	(20,986)	0	0	0	0
			(50,126)	(49,979)	(29)	(92)	(26)	(26)
As at 31 December 2003								
Deposits	RM/RM	2.86	6,800	2,300	4,500	0	0	0
Term loans	RM/RM	6.98	(5,874)	(5,874)	0	0	0	0
Bank overdraft	RM/RM	7.00	(153)	(153)	0	0	0	0
Hire purchase liabilities	RM/AUD	7.46	(82)	0	(17)	(65)	0	0
			691	(3,727)	4,483	(65)	0	0
Company								
As at 31 December 2004								
Deposits	RM/RM	2.50	1,300	1,300	0	0	0	0
Term loans	RM/RM	5.67	(26,957)	(26,957)	0	0	0	0
Bank overdraft	RM/RM	7.00	(2)	(2)	0	0	0	0
Hire purchase liabilities	RM/RM	5.13	(80)	0	(10)	(44)	(26)	(26)
Bankers' acceptance	RM/RM	3.15	(20,986)	(20,986)	0	0	0	0
			(46,725)	(46,645)	(10)	(44)	(26)	(26)
As at 31 December 2003								
Deposits	RM/RM	2.86	6,800	2,300	4,500	0	0	0
Term loans	RM/RM	5.41	(874)	(874)	0	0	0	0
Bank overdraft	RM/RM	7.00	(153)	(153)	0	0	0	0
			5,773	(1,273)	4,500	0	0	0

(c) Profit margin risk

Profit margin exposure arises from the Company's borrowings and is managed through the use of fixed rate debt.

(d) Credit risk

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.

There is no major concentration of credit risk with respect to trade receivables due to the ongoing critical evaluation of the creditworthiness of the customers by the Credit Committee and the Group's large customer base.

(e) 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.

(f) 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 2004				
Investments:				
- unquoted subsidiaries	<u>0</u>	<u>0</u>	<u>250</u>	<u>*</u>
Borrowings:				
- hire purchase liabilities	<u>(147)</u>	<u>(114)</u>	<u>(80)</u>	<u>(56)</u>
As at 31 December 2003				
Investments:				
- unquoted subsidiaries	<u>0</u>	<u>0</u>	<u>250</u>	<u>*</u>
Borrowings:				
- Al-Bai Bithaman-Ajil financing	<u>(1,879)</u>	<u>(1,805)</u>	<u>(1,879)</u>	<u>(1,805)</u>

- * It is not practicable within the constraints of timeliness and cost to estimate the fair values of these unquoted investments. At the balance sheet date, the net tangible assets reported by these unquoted subsidiaries were RM1,197,000 (2003: RM198,600). Profit after tax of these companies for the year was reported as RM993,000 (2003: RM21,000).

The method 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/profit margin available for similar financial instruments.

30. Significant event

On 26 October 2004, the shareholders approved the subscription by a wholly-owned subsidiary of the Company, Daibochi Land Sdn Bhd for 1,710,728 new ordinary shares of RM1.00 each in Skyline Resources (M) Sdn Bhd ("SRSB"), representing 36.3% of the enlarged issued and paid up share capital of SRSB for a cash consideration of RM19,964,200.

31. Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 February 2005.

Statement Of Shareholdings

as at 18 March 2005

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

<u>Size of shareholdings</u>	<u>No. of shareholders</u>	<u>% of shareholders</u>	<u>No. of shares</u>	<u>%</u>
less than 100	176	4.13	8,054	0.01
100 - 1,000	330	7.75	267,105	0.35
1,001 - 10,000	3,005	70.54	11,616,618	15.31
10,001 - 100,000	687	16.13	16,131,347	21.25
100,001 to less than 5% of issued shares	59	1.38	34,687,536	45.70
5% and above of issued shares	3	0.07	13,191,141	17.38
Total	4,260	100.00	75,901,801	100.00

THIRTY LARGEST SHAREHOLDERS

<u>Name</u>	<u>No. of shares</u>	<u>%</u>
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
Low Chan Koon	2,441,431	3.22
Cimsec Nominees (Tempatan) Sdn Bhd - Ng Choh Choo	2,323,680	3.06
Lim Koy Peng	2,100,000	2.77
Chew Soon Heng	2,057,748	2.71
Low Chung Kuay	2,020,210	2.66
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	2.62
Cimsec Nominees (Asing) Sdn Bhd - Low Kim Foong	1,666,560	2.20
Low Chan Tian	1,471,200	1.94
Liow Keng Eng	1,336,000	1.76
Yong Jaw Teck	1,196,873	1.58
Datin Teh Kim Hong	1,188,000	1.56
Permodalan Nasional Berhad	1,173,500	1.55
Quarry Lane Sdn Bhd	1,000,000	1.32

<u>Name</u>	<u>No. of shares</u>	<u>%</u>
Lim Keat Sear	698,400	0.92
Mayban Nominees (Tempatan) Sdn Bhd - Low Chan Koon	576,933	0.76
Tan Lean Cheng	523,680	0.69
HLB Nominees (Tempatan) Sdn Bhd - Datuk Wong Soon Lim	480,000	0.63
Lee See Jin	455,500	0.60
Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd - Datuk Wong Soon Lim	408,000	0.54
Brendan Low Kang Wei	400,000	0.53
Brian Low Chean Wei	400,000	0.53
Low Chung Kuay	390,041	0.51
Chua Tiang Kim	390,000	0.51
Low Keok Giap	356,200	0.47
Ong Siew Beng	313,000	0.41
	<u>41,867,910</u>	<u>55.16</u>

SUBSTANTIAL SHAREHOLDERS

<u>Name</u>	<u>No. of shares</u>	<u>%</u>
Datuk Wong Soon Lim	4,660,440	6.14
Low Chan Tian	4,373,520	5.76
Datin Teh Kim Hong	4,157,181	5.48

DIRECTORS' SHAREHOLDINGS

<u>Name</u>	<u>No. of shares</u>	<u>%</u>
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	4,373,520	5.76
Low Chan Koon	3,039,964	4.01
Hiew Chee Peng	0	0.00
Chee Ho Chun	32,900	0.04

List Of Properties

<u>Location</u>	<u>Description</u>	<u>Age of buildings</u>	<u>Area</u>	<u>Tenure</u>	<u>Date of acquisition</u>	Net book value as at 31 December 2004 RM'000
Lot 3, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Factory buildings	1 building -12 years 2 buildings - 9 years 1 building - 7 years 1 building - 5 years 1 building - 4 years	2.062 hectares	Leasehold expiring on 24.05.2091	03.07.1995	8,466
Lot 7, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Factory buildings	2 buildings - 12 years 3 buildings - 11 years 1 building - 10 years 1 building - 9 years	2.692 hectares	Leasehold expiring on 24.05.2091	29.10.1991	12,375
11/A2 Kondominium Siantan Puri, Kg Lapan, Melaka	1 unit 4 bedroom condominium	3 years	144 sq metres	Leasehold expiring on 24.08.2099	07.09.2001	182
PT 2598, Mukim of Bukit Baru, 75450 Melaka	Factory cum office building	10 years	8,344 sq metres	Leasehold expiring on 11.05.2094	24.05.2004	2,370
Lot 1016, Mukim of Bukit Baru, 75150 Melaka	Development land	-	2.034 hectares	Freehold	16.09.1989	3,890
GM 28 Lot 271 & 275, Mukim of Bertam, 75250 Melaka	Development land	-	22.9088 acres	Freehold	30.09.2002	11,771

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Form Of Proxy

I/We.....
 of
 being a member of **DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD**, hereby
 appoint
 of.....
 or failing him, THE CHAIRMAN OF THE MEETING, as my/our proxy to vote for me/us and on my/our
 behalf at the Thirty Second Annual General Meeting of the Company, to be held at Meranti Room, Level
 II, Hotel Equatorial Melaka, Bandar Hilir, 75000 Melaka on Thursday, 19 May 2005 at 10.00 a.m. and
 at any adjournment thereof.

ORDINARY BUSINESS	FOR	AGAINST
1. Adoption of Reports and Financial Statements		
2. Declaration of Dividend		
3. Approval of Directors' fees		
4. Re-election of Director - Hiew Chee Peng - Article 94		
5. Re-election of Director - Lim Soo Koon - Article 94		
6. Re-election of Director - Chee Ho Chun - Article 94		
7. Re-election of Director - Y. Bhg. Datuk Wong Soon Lim - Article 103		
8. Re-election of Director - Low Chan Koon - Article 103		
9. Re-appointment of PricewaterhouseCoopers as Auditors		
SPECIAL BUSINESS		
10. Authority for Directors to allot shares pursuant to Section 132D of the Companies Act, 1965		

(Please indicate with (x) 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)

Dated this day of..... 2005

Number of Shares Held

.....
 Signature/Common Seal of Shareholder(s)

NOTES: -

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. 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.
3. 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.

FOLD THIS FLAP FOR SEALING

Please Affix
30 sen stamp
here

**DAIBOCHI PLASTIC AND
PACKAGING INDUSTRY BHD.**

Kompleks Daibochi Plastic
Lot 3 & 7, Air Keroh Industrial Estate, Phase IV,
75450 Melaka, West Malaysia.
P.O. Box 263, 75750 Melaka, West Malaysia.

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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