DAIBOCHI

Daibochi Plastic And Packaging Industry Bhd.

(12994-W)

annual report 2006

CONTENTS

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty Fourth Annual General Meeting of the Company will be held at Bunga Melati Room, Level 7, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Wednesday, 23 May 2007 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 2006 and the Reports of the Directors and Auditors thereon. (Resolution 1)

2. To declare a first and final tax-exempt dividend of 4 sen per share for the year ended 31 December 2006. (Resolution 2)

3. To approve Directors' fees for the year ended 31 December 2006 amounting to RM66,500 (2005: RM 19,500). (Resolution 3)

4. To re-elect Low Chan Tian who is retiring under Article 103 of the Company's Articles of Association. (Resolution 4)

5. To re-elect Hiew Chee Peng who is retiring under Article 103 of the Company's Articles of Association. (Resolution 5)

6. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

AS SPECIAL BUSINESS:

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

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

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

NOTICE OF BOOK CLOSURE

NOTICE IS ALSO HEREBY GIVEN that the Register of Members will be closed from 31 May 2007 to 1 June 2007, both dates inclusive, to determine shareholders' entitlement to the dividend payment. The dividend, if approved, will be paid on 18 June 2007 to shareholders whose names appear in the Register of Members and Record of Depositors on 30 May 2007.

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 30 May 2007 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: 30 April 2007

NOTES:

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

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

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

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

EXPLANATORY NOTE ON SPECIAL BUSINESS

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

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

Statement Accompanying Notice of Annual General Meeting

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

(a)	Low Chan Tian	(Resolution 4)
(b)	Hiew Chee Peng	(Resolution 5)

The profiles of the above Directors are set out in the section entitled "Profiles of Directors" on pages 6 to 7. Their securities holdings information are set out in the section entitled "Directors" Shareholdings" on page 76.

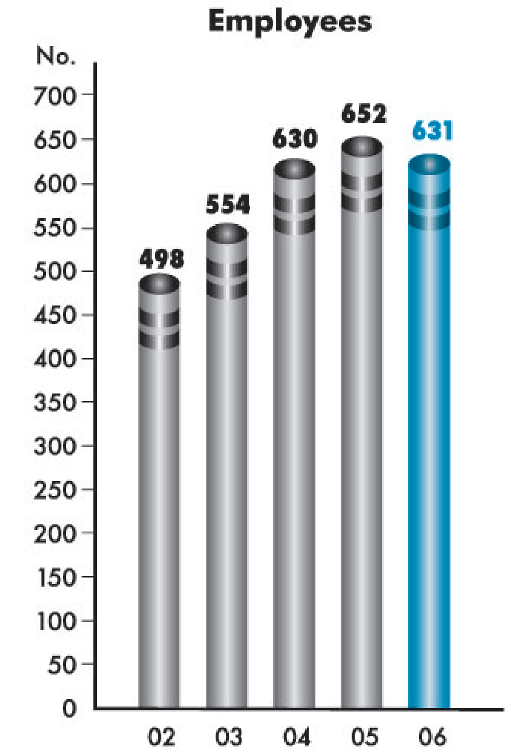
2. Details of attendance of Directors at Board Meetings

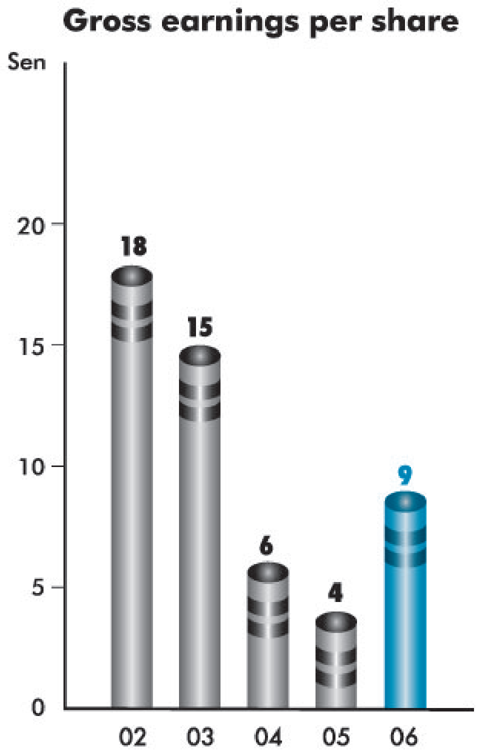
The attendance for the Directors are disclosed in their respective profiles in the section entitled "Profiles of Directors" on pages 6 to 7.

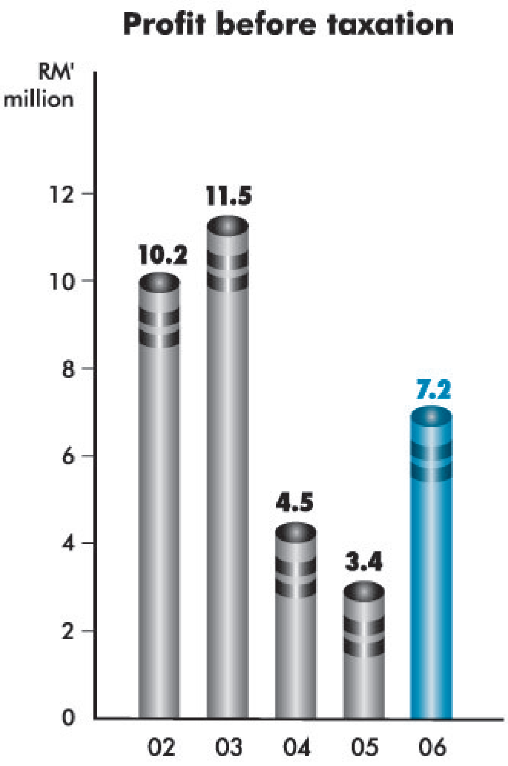
3. Place, date and time of the Annual General Meeting

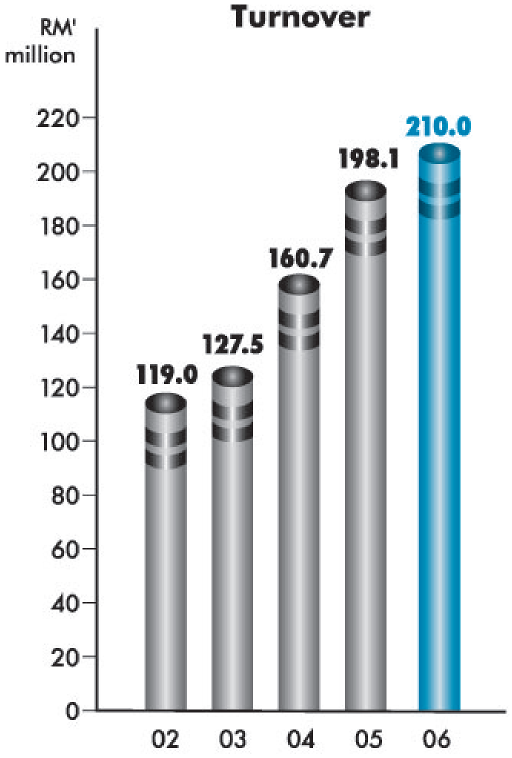
Place	Bunga Melati Room, Level 7 Renaissance Melaka Hotel Jalan Bendahara, 75100 Melaka
Date and time	23 May 2007 at 10.00 a.m.

Group Performance Charts









Corporate Information

BOARD OF DIRECTORS

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

Lim Soo Koon
Managing Director

Yong Jaw Teck
Executive Director

Y. Bhg. Datuk Wong Soon Lim
Executive Director

Low Chan Tian
Executive Director

Hiew Chee Peng
Independent Non-Executive Director

Chee Ho Chun
Independent Non-Executive Director

COMPANY SECRETARY

Ms. Tan Gaik Hong, MIA 4621

WEBSITE

www.daibochiplastic.com

CERTIFICATES

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

REGISTERED OFFICE

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

REGISTRARS

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

AUDITORS

Deloitte KassimChan
106 Taman Melaka Raya
75000 Melaka
Tel No.: 06-2811077
Fax No.: 06-2831157

PRINCIPAL BANKERS

CIMB Bank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Bhd

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Board

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

Profiles Of Directors

P. James Edwin A/L Louis Pushparatnam, Malaysian, aged 51 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 six (6) Board of Directors' meetings held during the financial year ended 31 December 2006.

Lim Soo Koon, Malaysian, aged 45 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, finance, marketing and business development.

Mr. Lim has no family relationship with any Directors/substantial shareholders of Daibochi. Mr. Lim is deemed interested in the transactions entered by the Group with Skyline Resources (M) Sdn Bhd as disclosed in this Annual Report. Save for these aforesaid transactions, he has no conflict of interest with the Group. In the past ten (10) years, he has not been convicted of any offences.

He has attended all six (6) Board of Directors' meetings held during the financial year ended 31 December 2006.

Yong Jaw Teck, Australian, aged 59 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. Mr. Yong is deemed interested in the transactions entered by the Group with Skyline Resources (M) Sdn Bhd as disclosed in this Annual Report. Save for these aforesaid transactions, he has no conflict of interest with the Group. In the past ten (10) years, he has not been convicted of any offences.

He has attended all six (6) Board of Directors' meetings held during the financial year ended 31 December 2006.

Y. Bhg. Datuk Wong Soon Lim, Malaysian, aged 53 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. Datuk Wong is deemed interested in the transactions entered by the Group with Skyline Resources (M) Sdn Bhd as disclosed in this Annual Report. Save for these aforesaid transactions, he has no conflict of interest with the Group. In the past ten (10) years, he has not been convicted of any offences.

He has attended all six (6) Board of Directors' meetings held during the financial year ended 31 December 2006.

Low Chan Tian, Malaysian, aged 52 was appointed to the Board of Daibochi on 26 July 1995 as an Alternate Director to the late Datuk Low Kiok Boo, a founder shareholder of Daibochi until 28 March 1998 when the late Datuk Low Kiok Boo retired from the Board. Low Chan Tian rejoined the Board when he was appointed as an Executive Director on 30 March 1999.

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

Mr. Low is the son of Datin Teh Kim Hong who is a substantial shareholder of Daibochi. Mr. Low is deemed interested in the transactions entered by the Group with Skyline Resources (M) Sdn Bhd as disclosed in this Annual Report. Save for these aforesaid transactions, he has no conflict of interest with the Group. In the past ten (10) years, he has not been convicted of any offences.

He has attended all six (6) Board of Directors' meetings held during the financial year ended 31 December 2006.

Hiew Chee Peng, Malaysian, aged 48 was appointed to the Board of Daibochi on 16 August 2004. He is an Independent Non-Executive Director. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee.

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

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

He has attended all six (6) Board of Directors' meetings held during the financial year ended 31 December 2006.

Chee Ho Chun, Malaysian, aged 45 was appointed to the Board of Daibochi on 1 February 2005. He is an Independent Non-Executive Director. He is also a member of the Audit Committee.

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

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

He has attended all six (6) Board of Directors' meetings held during the financial year ended 31 December 2006.

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 strategic directions and is responsible for the overall operations and management of the Group.

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

The Board has also established Board Committees to assist the Board in carrying out is fiduciary duties. These Committees deliberate on certain particular issues and report their findings and recommendations to the Board. However, the ultimate responsibility for all decisions lies with the entire Board. The following Committees have been formed:-

a) Audit Committee
b) Nomination Committee
c) Remuneration Committee

Board balance

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

The Board considers that the current size of the Board is adequate and facilitates effective decision making. The Board also reviews on an annual basis the appropriateness of its size. The Board comprises seven (7) members of which four (4) are Executive Directors and three (3) are Independent Non-Executive Directors. The Board's composition complies with the Listing Requirements of Bursa Malaysia Securities

Berhad ("Bursa Malaysia") that requires at least one third of the Board to comprise of independent Non-Executive Directors. A brief profile of each Director is presented on pages 6 to 7.

There is a balance in the Board because of the presence of Independent Non-Executive Directors who bring strong independent judgement, knowledge, skills and experience to the Board's deliberations during the decision making process. The Independent Non-Executive Directors ensure that the interest of the minority shareholders and other stakeholders are given due consideration in the deliberations of the various issues and matters affecting the Group.

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

Directors' Training

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

Under the revised Bursa Malaysia Listing Requirements, the Board will assume the onus of determining or overseeing the training needs of their Directors. The Directors are encouraged to attend relevant seminars and courses to keep themselves updated on the various issues facing the changing business environment, regulatory and corporate governance developments to enhance their professionalism and knowledge to effectively discharge their duties and obligations. For the year under review, all the Directors attended courses accredited by Bursa Malaysia.

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

Board meetings and supply of information

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

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

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

The Board is also notified of any corporate announcements to be released to Bursa Malaysia and is kept informed of updates issued by the various regulatory authorities.

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

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

Appointments to the Board

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

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

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

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

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

Re-election of Directors

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

In accordance with the Company's Articles of Association, one third of the existing Directors including the Managing Director 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 taking into consideration the prevailing market pay and employment conditions within the industry. 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 of the Company for the year ended 31 December 2006 by category and in bands of RM50,000 are as follows:

	Salaries RM'000	Fees RM'000	Bonuses RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors	738	-	925	265	40	1,968
Non-Executive Directors	-	67	-	142	-	209

Range of remuneration	Executive Directors	Non-Executive Directors
Up to RM50,000	-	2
RM50,001 - RM100,000	-	1
RM300,001 - RM350,000	2	-
RM450,001 - RM500,000	1	-
RM800,001- RM850,000	1	-

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

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

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

The Committee recommends to the Board the remuneration of the Executive Directors, in all forms. The determination of the remuneration of the Non-Executive Directors as well as the Executive Directors will be a matter to be determined by the Board as a whole with the Director concerned abstaining from deliberations and voting on the decisions regarding his individual remuneration.

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 primary objective of the Audit Committee is to assist the Board to review the adequacy and integrity of the Group's internal control systems and all financial statements before their submission to the Board for approval.

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

Financial Reporting

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

Internal control

The Directors recognise their ultimate responsibility for the Group's system of internal controls and the need to review the adequacy and the integrity of the internal control systems. The Directors also take cognizance of the importance of identifying principal risks and having an appropriate risk management system. Information on the Group's internal controls is presented in the Statement on Internal Controls as set out on pages 14 to 15.

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

Relationship with the Auditors

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

Relationship with shareholders and investors

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

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

The Board encourages shareholders' active participation at the Company's Annual General Meeting ("AGM"). The AGM remains the principal forum for dialogue with shareholders where it provides an opportunity for the shareholders to seek clarifications on the Group's operations. The Chairman and members of the Board will undertake to provide the shareholder with a written answer to any significant question that cannot be readily answered. The external auditors will also be present to provide their professional and independent clarification on issues and concerns raised by the shareholders, if any.

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

Additional compliance information

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

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

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

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

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

f) Non-audit fees
Non-audit fees paid by the Group to external auditors during the financial year amounted to RM20,500.

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 substantial shareholders' interests
Other than the related party transactions disclosed in this Annual Report, there were no material contracts entered into by the Company or its subsidiaries during the year which involved the interests of Directors or substantial 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 made in accordance with the resolution of the Board of Directors dated 27 February 2007.

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 in evaluating and improving the effectiveness of risk management, control and governance processes within the Group's operations.

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

Internal Control System

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

- Organisation structure with clearly defined delegation of responsibilities to the Audit Committee;

- 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 in 2003. Documented internal procedures and standard operating procedures have been put in place and a yearly surveillance audit is conducted by assessors of the ISO certification body to ensure that the system is adequately implemented;

- Regular internal audit visits assigned by the Audit Committee 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 27 February 2007.

Audit Committee Report

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2006.

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 2006 are as follows:

NAME	STATUS OF DIRECTORSHIP	INDEPENDENT	ATTENDANCE OF MEETINGS
P. James Edwin A/L Louis Pushparatnam	Non-Executive Chairman	Yes	Attended six (6) out of six (6) meetings
Datuk Wong Soon Lim	Executive Director	No	Attended six (6) out of six (6) meetings
Hiew Chee Peng	Non-Executive Director	Yes	Attended six (6) out of six (6) meetings
Chee Ho Chun	Non-Executive Director	Yes	Attended six (6) out of six (6) meetings

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

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

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

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

1. TERMS OF REFERENCE

Frequency of meetings

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

Reporting to the Board

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

Authority

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

Duties

The duties of the Committee are:

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

  a) any changes in accounting policies and practices;
  b) major judgmental areas affecting the financial statements;
  c) significant adjustments arising from the audit;
  d) the going concern assumption;
  e) compliance with applicable accounting standards; and
  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; and
  - To ensure co-ordination between the internal and external auditors.

2. SUMMARY OF ACTIVITIES UNDERTAKEN BY COMMITTEE

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

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

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

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

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

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

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

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

3. INTERNAL AUDIT FUNCTION

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

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

Chairman's Statement

On behalf of the Board of Directors, it is my pleasure to present the Annual Report of the Group for the year ended 31 December 2006.

BUSINESS AND FINANCIAL REVIEW

The Company's core business is the manufacturing of quality flexible packaging materials.

I am happy to announce that the Group achieved another record turnover year. The Group recorded higher sales of RM209.973 million for 2006, an increase of 6% over the previous year sales of RM198.051 million. The packaging sector was the main contributor to this higher turnover with an increase of 16% registered over the previous year's figures. The strong sales was attributable mainly to the increase in demand in the growing flexible packaging industry. The contribution from the property development sector was lesser as compared to the year ended 31 December 2005 due to the lower turnover recognised in the current year.

The main challenge which the flexible packaging industry faced in 2006 was the high cost of major raw materials. The price of crude oil, which reached a record high of US$79 per barrel in mid July 2006, coupled with the strong global demand for petroleum by-products pushed up the price of polyethylene and polypropylene resins and films, solvents and inks.

For the year ended 31 December 2006 the Group recorded a profit before tax of RM7.177 million against RM3.350 million for the previous year. The management's ongoing focussed efforts on various cost control measures and programmes to increase productivity and efficiency on the factory floor as well as successfully getting better prices for our products in the market place helped us achieve this pre-tax profit.

PROSPECTS

Looking ahead, the Group will continue to focus on its core manufacturing activity while working to further realise the potential of its development land.

With the continued growth in the Malaysian as well as global economy, the Directors are confident that the performance of the Group in 2007 will surpass that for the current financial year.

DIVIDEND

The Board is recommending a first and final tax-exempt dividend of 4 sen per share for the financial year ended 31 December 2006.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our sincere appreciation to our valued customers, suppliers, business associates, government bodies and authorities as well as our shareholders for their unwavering support.

The Board would particularly like to thank the committed and dedicated Management team and the employees for their invaluable contributions towards the continuing success of the Group.

P. JAMES EDWIN A/L LOUIS PUSHPARATNAM
CHAIRMAN

April 12, 2007

Directors' Report

The directors of **DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD.** have pleasure in submitting their report and the audited financial statements of the Group and the Company for the year ended December 31, 2006.

PRINCIPAL ACTIVITIES

The Company is principally involved in manufacturing and marketing of flexible packaging materials and property development. The principal activities of the subsidiary companies are as disclosed in Note 14 to the Financial Statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit before tax	7,177	7,326
Income tax expense	(1,478)	(1,229)
Profit for the year	5,699	6,097
Attributable to:		
Equity holders of the Company	5,428	
Minority interest	271	
	5,699	

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

DIVIDENDS

A first and final dividend of 2%, tax-exempt, amounting to RM1,518,036, proposed in the previous financial year and dealt with in the previous directors' report was paid by the Company during the financial year.

Subsequent to the financial year, the directors proposed a first and final dividend of 4%, tax-exempt, amounting to RM3,036,072 in respect of the current financial year. The proposed dividend is subject to approval by shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

OTHER FINANCIAL INFORMATION

Before the balance sheets and income statements of the Group and the Company were made out, the directors took reasonable steps:

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

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

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

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

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

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

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

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

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

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 and the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

P. James Edwin A/L Louis Pushparatnam
Lim Soo Koon
Datuk Wong Soon Lim
Yong Jaw Teck
Low Chan Tian
Hiew Chee Peng
Chee Ho Chun

In accordance with Article 103 of the Company's Articles of Association, Messrs. Low Chan Tian and Hiew Chee Peng retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting of the Company.

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	No. of ordinary shares of RM1 each			
	Balance at 1.1.2006	Bought	Sold	Balance at 31.12.2006
Shares in the Company				
Registered in the name of directors				
Low Chan Tian	4,717,820	118,900	-	4,836,720
Datuk Wong Soon Lim	4,660,440	-	-	4,660,440
Yong Jaw Teck	1,196,873	-	-	1,196,873
Chee Ho Chun	200,000	-	-	200,000
Lim Soo Koon	60,000	-	-	60,000
P. James Edwin A/L Louis Pushparatnam	5,280	1,000	-	6,280

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in Note 8 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 except for any benefit which may be deemed to have arisen by virtue of those transactions as disclosed in Notes 7 and 20 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors,

P. JAMES EDWIN A/L LOUIS PUSHPARATNAM
DIRECTOR

DATUK WONG SOON LIM
DIRECTOR

Melaka
April 12, 2007

Statement By Directors

The directors of **DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD**. state that, in their opinion, the accompanying balance sheets and the related statements of income, cash flows and changes in equity are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as of December 31, 2006 and of the results of their businesses and the cash flows of the Group and the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors,

P. JAMES EDWIN A/L LOUIS PUSHPARATNAM **DATUK WONG SOON LIM**

Melaka
April 12, 2007

Declaration By The Officer Primarily Responsible For The Financial Management Of The Company

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 accompanying balance sheets and the related statements of income, cash flows and changes in equity, 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 this 12th day of April, 2007.

Before me,

A. SUPRAMANIAM, PIS
COMMISSIONER FOR OATHS

Report Of The Auditors To The Members

We have audited the accompanying balance sheets as of December 31, 2006 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

The financial statements of the Group and the Company as of December 31, 2005, were audited by another firm of auditors whose report dated March 23, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of:

  (i) the state of affairs of the Group and the Company as of December 31, 2006 and of the results and the cash flows of the Group and the Company for the year ended on that date; and

  (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements;

and

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

We have considered the financial statements and the auditors' report of the subsidiary company of which we have not acted as auditors, as mentioned in Note 14 to the Financial Statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.

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

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

LAI CAN YIEW
2179/09/07 (J)
Partner

April 12, 2007

Income Statements

FOR THE YEAR ENDED DECEMBER 31, 2006

	Note	The Group 2006 RM'000	The Group 2005 RM'000 (Restated)	The Company 2006 RM'000	The Company 2005 RM'000
Revenue	5	**209,973**	198,051	**205,575**	180,530
Cost of sales	6	**(188,585)**	(186,102)	**(186,964)**	(175,474)
Gross profit		**21,388**	11,949	**18,611**	5,056
Other operating income/(expenses)		**(160)**	1,624	**(198)**	1,540
Selling and distribution costs		**(5,397)**	(3,290)	**(4,781)**	(3,214)
Administrative expenses		**(6,090)**	(4,785)	**(4,642)**	(3,256)
Profit from operations	7	**9,741**	5,498	**8,990**	126
Finance costs	9	**(2,674)**	(2,534)	**(1,664)**	(1,388)
Share of results of associated company		**110**	386	**-**	-
Profit/(Loss) before tax		**7,177**	3,350	**7,326**	(1,262)
Income tax credit/(expense)	10	**(1,478)**	(1,131)	**(1,229)**	380
Profit/(Loss) for the year		**5,699**	2,219	**6,097**	(882)
Attributable to:					
Equity holders of the Company		**5,428**	2,057	**6,097**	(882)
Minority interest		**271**	162	**-**	-
		5,699	2,219	**6,097**	(882)
Earnings per ordinary share attributable to equity holders of the Company - basic (sen)	11	**7.2**	2.7		

The accompanying Notes form an integral part of the Financial Statements.

Balance Sheets

AS OF DECEMBER 31, 2006

	Note	The Group 2006 RM'000	The Group 2005 RM'000 (Restated)	The Company 2006 RM'000	The Company 2005 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	**65,974**	72,587	**65,800**	72,387
Investment property	13	**175**	179	**175**	179
Investment in subsidiary companies	14	**-**	-	**250**	250
Investment in associated company	15	**23,170**	20,699	**-**	-
Deferred tax assets	16	**54**	17	**-**	-
		89,373	93,482	**66,225**	72,816
Current assets					
Inventories	17	**46,108**	42,178	**39,618**	39,739
Property development costs	18	**10,022**	10,091	**219**	219
Tax recoverable		**283**	200	**-**	178
Trade and other receivables	19	**47,595**	41,481	**43,028**	33,482
Amount receivable from subsidiary companies	20	**-**	-	**36,498**	33,162
Short-term deposits, cash and bank balances	21	**4,127**	4,781	**3,574**	3,113
		108,135	98,731	**122,937**	109,893
Total assets		**197,508**	192,213	**189,162**	182,709

	Note	The Group 2006 RM'000	The Group 2005 RM'000 (Restated)	The Company 2006 RM'000	The Company 2005 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	22	75,902	75,902	75,902	75,902
Reserves	23	28,692	24,778	25,485	20,906
Equity attributable to equity holders of the Company		104,594	100,680	101,387	96,808
Minority interest		744	469	-	-
Total equity		105,338	101,149	101,387	96,808
Non-current liabilities					
Long-term loans	24	10,302	15,001	10,302	15,001
Hire-purchase payables	25	157	194	62	76
Deferred tax liabilities	16	8,917	8,225	9,037	8,292
		19,376	23,420	19,401	23,369
Current liabilities					
Trade and other payables	26	38,069	29,281	35,255	28,039
Short-term borrowings	27	29,053	30,371	27,519	28,327
Hire-purchase payables	25	37	34	14	13
Long-term loans	24	5,400	7,429	5,400	6,153
Tax liabilities		235	529	186	-
		72,794	67,644	68,374	62,532
Total liabilities		92,170	91,064	87,775	85,901
Total equity and liabilities		197,508	192,213	189,162	182,709

The accompanying Notes form an integral part of the Financial Statements.

Consolidated Statements Of Changes In Equity

FOR THE YEAR ENDED DECEMBER 31, 2006

The Group	Note	Issued capital RM'000	Share premium RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
		← Attributable to equity holders of the Company →						
			Non-distributable reserves		Distributable reserve			
Balance as of January 1, 2005								
As previously reported		75,902	1,224	-	23,035	100,161	326	100,487
Effect of changes in accounting policy		-	-	1	(1)	-	-	-
As restated		75,902	1,224	1	23,034	100,161	326	100,487
Net expense recognised directly in equity - exchange differences arising on translation of foreign operations		-	-	(20)	-	(20)	(19)	(39)
Profit for the year		-	-	-	2,057	2,057	162	2,219
Total recognised income/(expense) for the year		-	-	(20)	2,057	2,037	143	2,180
Dividends	28	-	-	-	(1,518)	(1,518)	-	(1,518)
Balance as of December 31, 2005								
As previously reported		75,902	1,224	-	24,000	101,126	469	101,595
Effect of changes in accounting policy	35	-	-	(19)	(427)	(446)	-	(446)
As restated		75,902	1,224	(19)	23,573	100,680	469	101,149

Consolidated Statements Of Changes In Equity

FOR THE YEAR ENDED DECEMBER 31, 2006

The Group	Note	← Attributable to equity holders of the Company → Issued capital RM'000	Non-distributable reserves Share premium RM'000	Non-distributable reserves Translation reserve RM'000	Distributable reserve Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
Balance as of January 1, 2006								
As previously reported		75,902	1,224	-	24,000	101,126	469	101,595
Effect of changes in accounting policy	35	-	-	(19)	(427)	(446)	-	(446)
As restated		75,902	1,224	(19)	23,573	100,680	469	101,149
Net income recognised directly in equity - exchange differences arising on translation of foreign operations		-	-	4	-	4	4	8
Profit for the year		-	-	-	5,428	5,428	271	5,699
Total recognised income for the year		-	-	4	5,428	5,432	275	5,707
Dividends	28	-	-	-	(1,518)	(1,518)	-	(1,518)
Balance as of December 31, 2006		75,902	1,224	(15)	27,483	104,594	744	105,338

Company Statement Of Changes In Equity

FOR THE YEAR ENDED DECEMBER 31, 2006

The Company	Note	Issued capital RM'000	Non-distributable reserve - Share premium RM'000	Distributable reserve - Retained earnings RM'000	Total RM'000
Balance as of January 1, 2005		75,902	1,224	22,082	99,208
Loss for the year		-	-	(882)	(882)
Dividends	28	-	-	(1,518)	(1,518)
Balance as of December 31, 2005		75,902	1,224	19,682	96,808
Balance as of January 1, 2006		**75,902**	**1,224**	**19,682**	**96,808**
Profit for the year		**-**	**-**	**6,097**	**6,097**
Dividends	**28**	**-**	**-**	**(1,518)**	**(1,518)**
Balance as of December 31, 2006		**75,902**	**1,224**	**24,261**	**101,387**

The accompanying Notes form an integral part of the Financial Statements.

Cash Flow Statements

FOR THE YEAR ENDED DECEMBER 31, 2006

	Note	The Group 2006 RM'000	The Group 2005 RM'000	The Company 2006 RM'000	The Company 2005 RM'000
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES					
Cash receipts from customers and other receivables		**202,955**	199,841	**193,892**	185,327
Cash paid to suppliers, employees and other payables		**(186,305)**	(190,370)	**(180,780)**	(177,743)
Cash generated from operations	33	**16,650**	9,471	**13,112**	7,584
Interest paid		**(1,460)**	(1,108)	**(1,333)**	(975)
Tax paid		**(1,200)**	(1,357)	**(120)**	(263)
Net cash from operating activities		**13,990**	7,006	**11,659**	6,346
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES					
Interest received		**134**	88	**99**	39
Additional investment in associated company		**(2,361)**	-	**-**	-
Purchase of property, plant and equipment		**(1,576)**	(4,550)	**(1,570)**	(4,377)
Advances to subsidiary companies		**-**	-	**(1,605)**	(1,728)
Proceeds from disposal of property, plant and equipment		**-**	286	**-**	253
Proceeds from disposal of investment in associated company		**-**	35	**-**	-
Net cash used in investing activities		**(3,803)**	(4,141)	**(3,076)**	(5,813)

	Note	The Group 2006 RM'000	The Group 2005 RM'000	The Company 2006 RM'000	The Company 2005 RM'000
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES					
Proceeds from long term loans drawn down		**849**	752	**849**	752
Repayment of long term loans		**(7,567)**	(8,930)	**(6,301)**	(6,864)
Dividends paid		**(1,518)**	(1,518)	**(1,518)**	(1,518)
Interest paid		**(1,253)**	(1,617)	**(331)**	(412)
(Repayments of)/Proceeds from short-term borrowings (net)		**(1,165)**	6,094	**(1,165)**	6,094
Repayment of hire-purchase		**(34)**	(159)	**(13)**	(91)
Net cash used In financing activities		**(10,688)**	(5,378)	**(8,479)**	(2,039)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		**(501)**	(2,513)	**104**	(1,506)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,490**	4,009	**1,866**	3,372
Effect of exchange differences		**-**	(6)	**-**	-
		1,490	4,003	**1,866**	3,372
CASH AND CASH EQUIVALENTS AT END OF YEAR	29	**989**	1,490	**1,970**	1,866

The accompanying Notes form an integral part of the Financial Statements.

Notes To The Financial Statements

1. GENERAL INFORMATION

The Company is principally involved in manufacturing and marketing of flexible packaging materials and property development. The principal activities of its subsidiary companies are as disclosed in Note 14.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

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

The registered office and principal place of business of the Company is located at Kompleks Daibochi Plastic, Lot 3 & 7, Ayer Keroh Industrial Estate, Phase IV, 75450 Melaka.

The financial statements of the Company have been authorised by the Board of Directors on April 12, 2007 for issuance.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia.

In the current year, the Group and the Company adopted all the new and revised Financial Reporting Standards ("FRSs") issued by MASB that are relevant to its operations and mandatory for financial periods beginning on or after January 1, 2006:

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments In Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 140	Investment Property

The application of the revised FRS 101, 121 and 140 has resulted in certain changes in the presentation of the consolidated financial statements and the principal changes in accounting policies and their financial effects in the current and prior years are set out in Note 35.

The adoption of the other revised FRSs does not result in significant changes in accounting policies of the Group and the Company.

(a) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest and share of after tax results of associated company. In the consolidated balance sheet, minority interest is now presented within total equity. In the consolidated income statement, the profit or loss is allocated between equity holders of the Company and minority interest. FRS 101 also requires disclosure on the face of the statement of changes in equity, the total recognised income and expense for the year, showing separately the amounts attributable to equity holders of the Company and to minority interest.

The current year's presentation of the Group's financial statements is based on the revised requirement of FRS 101, with the comparatives restated to conform to the current year's presentation.

(b) FRS 121: The Effects of Changes in Foreign Exchange Rates

Previously, exchange differences arising on translation of foreign operations that are integral to the operations of the parent are recognised as income or expense in the year in which they arise. FRS 121 has eliminated the distinction between integral foreign operations and foreign entities. The method for translation of foreign entities is now used to translate all foreign operations which is described in detail in Note 3(c). Therefore, all resulting exchange differences are classified as equity until the disposal of the net investment. The current year's presentation of the Group's financial statements is based on the requirement of FRS 121, with the comparatives restated to conform to the current year's presentation.

(c) FRS 140: Investment Property

In prior years, leasehold condominium held to earn rentals or for capital appreciation or both and not occupied by the Group was classified as property, plant and equipment and was stated at cost less accumulated depreciation and any impairment losses.

With the adoption of FRS 140 on January 1, 2006, leasehold condominium is reclassified as investment property. The Group has chosen to apply the cost model under FRS 140 and accordingly, investment property is stated at cost less accumulated depreciation and any impairment losses. The reclassification of the asset as investment property has been accounted for retrospectively and certain comparative amounts have been reclassified.

Accounting Standards Issued but Not Effective

As of December 31, 2006, the following new and revised FRSs have been issued but not yet effective until future periods:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 117	Leases
FRS 119	Amendment to Financial Reporting Standard FRS 119_{2004} Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures
FRS 124	Related Party Disclosures
FRS 139	Financial Instruments: Recognition and Measurement

FRS 6 is effective for accounting periods beginning on or after January 1, 2007. This standard is not relevant to the Group's operations as the Group does not carry out exploration for and evaluation of mineral resources.

FRS 117 is effective for accounting periods beginning on or after October 1, 2006. It will affect the reclassification of leasehold land to prepaid lease payments. The leasehold land will no longer be revalued. The Company will apply this standard from financial period beginning January 1, 2007.

FRS 119 is effective for accounting periods beginning on or after January 1, 2007. The amendment to this standard is not relevant to the Group as the Group does not have post-employment defined benefit plan's for its employees.

FRS 124 is effective for accounting periods beginning on or after October 1, 2006. It will affect the identification of related parties and some other related party disclosures. The Company will apply this standard from financial period beginning January 1, 2007.

The effective date of FRS 139 is yet to be determined by MASB. This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Company will apply this standard when it becomes effective.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

Unless otherwise stated, the following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements of the Group and the Company have been prepared under the historical cost convention.

(b) Revenue and income recognition

Revenue from sales of goods is recognised upon delivery of products and when the risks and rewards of ownership have passed to the customers. Sales represent gross invoiced value of goods sold net of sales taxes, returns and trade discounts.

Revenue from property development comprises the proportionate aggregate sales value of property development project attributable to the percentage of development and proceeds from sales of completed property units.

Interest income is recognised on accrual basis.

(c) Foreign currency conversions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of presenting the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

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

Exchange differences are included in the income statements in the period in which they arise except for exchange differences on monetary items receivable from or payable to foreign operations for which settlement is neither planned nor likely to occur, which form part of the net investment in the foreign operations, and which are included in the foreign currency translation reserve and recognised in the income statements on disposal of the net investment.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Ringgit Malaysia using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognised in the income statements in the period in which the foreign operations is disposed of.

(d) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, unutilised tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statements, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company and subsidiary companies intend to settle their current tax assets and liabilities on a net basis.

(e) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary companies controlled by the Company made up to December 31, 2006. Control is achieved where the Company has the power to govern.

The subsidiary companies are consolidated using the acquisition method of accounting whereby, on acquisition, the assets and liabilities of the subsidiary companies are measured at their fair values at the date of acquisition.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

All significant intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation.

Minority interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiary company, by the parent. It is measured at the minority's share of the fair value of the subsidiary company's identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiary company's equity since that date.

Losses applicable to the minority in excess of the minority's interest in the subsidiary company's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(f) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the items.

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

A gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

Depreciation of property, plant and equipment is computed on the straight line method at the following annual rates based on the estimated useful lives of the various assets. The annual depreciation rates are as follows:

Land under long leases	over period of lease of 99 years
Buildings under long leases	2%
Plant and machinery	6.67% - 10%
Printing cylinders	25%
Motor vehicles	20%
Equipment, furniture, fixture and fittings	10% - 20%

The depreciation charge for printing cylinders commences from the financial year following production.

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

(g) Property, plant and equipment under hire-purchase arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

(h) Leases

Assets acquired under leases which transfer substantially all of the risks and rewards incident to ownership of the assets are capitalised under property, plant and equipment. All other leases which do not meet such criteria are classified as operating leases. Lease payments under operating leases are recognised as an expense in the income statements on a straight-line basis over the terms of the relevant lease.

(i) Impairment of assets

At each balance sheet date, the Group and the Company review the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statements, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statements, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Investment property

Investment property, comprising a long-term leasehold condominium, is held for long-term rental yields or for capital appreciation or both, and is not occupied by the Group.

Investment property is stated at cost less accumulated depreciation and any impairment losses.

Investment property shall be derecognised (eliminated from the balance sheets upon disposal) and the difference between the net disposal proceeds and the carrying amount is recognised in the income statements.

Investment property is depreciated on the straight-line method over the lease term of 50 years.

(k) Investment in subsidiary companies

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less impairment losses. Where there is an indication of impairment in the value of the assets, the carrying amount of the investments are assessed and written down immediately to its recoverable amount. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statements.

(l) Investment in associated company

An associated company is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investment in associated company is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associated company. The Group's share of the net profit or loss of the associated company is recognised in the consolidated income statement.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associated company are eliminated to the extent of the Group's interest in the associated company. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated company.

The results of the associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company. Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised.

Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any long-term interests that, in substance, form part of the Group's net investment in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

On disposal of such investment, the difference between net disposal proceeds and the carrying amounts is recognised as profit or loss in the income statements in the period of disposal.

(m) Inventories

Inventories are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. The cost of raw materials comprises the original purchase price plus the cost of bringing the inventories to their present location and condition. The costs of work-in-progress and finished goods include the cost of raw materials, direct labour, other direct costs and an appropriate proportion of the manufacturing overheads. Net realisable value represents the estimated selling price in the ordinary course of business less the costs of completion and applicable variable selling price.

Inventories of unsold completed property units are stated at the lower of cost and net realisable value and is determined on specific identification basis. Cost includes the relevant cost of land, development expenditure and interest cost incurred during the development period.

(n) 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 property development activity cannot be estimated reliably, property development revenue is recognised to the extent of property development costs incurred that is probable of recovery. Property development costs on the completed property units sold are recognised when incurred.

Any anticipated loss on a property development project (including costs to be incurred over the defect liability period), is recognised as an expense immediately.

Accrued billings represent the excess of property development revenue recognised in the income statements over the billings to purchasers while progress billings represent the excess of billings to purchasers over property development revenue recognised in the income statements.

(o) Receivables

Trade and other receivables are reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

(p) 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 statements over the period of the borrowings.

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

(ii) Capitalisation of borrowing costs

Borrowing costs directly attributable to property development costs which require a substantial period of time to complete are capitalised and included as part of the property development costs. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(q) 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.

(r) Goodwill

Goodwill represents the excess of the cost of acquisition of associated company over the Group's share of the fair value of their identifiable net assets at the date of acquisition and is included in the investment in associated company. 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(i) on impairment of assets.

(s) Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution plans

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

(t) 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. The Group's and the Company's principal financial assets are trade and other receivables, intercompany indebtedness, short-term deposits, cash and bank balances.

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. The Group's and the Company's significant financial liabilities include trade and other payables, borrowings and intercompany indebtedness, which are stated at their nominal values.

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

(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 purpose

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

The face value, 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.

(u) Cash and cash equivalents

For the purpose of the 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 sheets.

(v) 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. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

5. REVENUE

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Manufacturing and marketing of flexible packaging materials	206,421	177,174	203,661	175,332
Sales of completed property units	3,088	-	1,914	-
Property development	464	20,877	-	5,198
	209,973	198,051	205,575	180,530

6. COST OF SALES

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cost of inventories sold	186,006	172,034	185,602	171,677
Cost of completed property units sold	2,220	-	1,362	-
Property development costs	359	14,068	-	3,797
	188,585	186,102	186,964	175,474

7. PROFIT FROM OPERATIONS

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

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Staff costs (including executive directors' remuneration)				
- Wages, salaries and bonus	(15,686)	(12,907)	(15,061)	(12,171)
- Defined contribution plan	(1,466)	(1,218)	(1,409)	(1,145)
- Other employee benefits	(1,055)	(904)	(1,032)	(861)
Depreciation and amortisation				
- Property, plant and equipment	(8,184)	(8,550)	(8,151)	(8,529)
- Investment property	(4)	(4)	(4)	(4)
Foreign exchange gain/(loss):				
- Realised	(737)	311	(737)	311
- Unrealised	(371)	92	(393)	35
Allowance for doubtful debts - net of recoveries	(685)	(60)	(685)	(60)
Bad debts written off	(114)	-	-	-
Audit fee:				
- Current year	(73)	(45)	(45)	(34)
- Underprovision in prior year	-	(6)	-	(1)
Property, plant and equipment:				
- Gain/(Loss) on disposal	(2)	11	(2)	16
- Written off	(4)	-	(4)	-
Gain on disposal of investment in associated company	-	27	-	-
Write-down of inventories	(323)	(347)	(323)	(347)
Reversal of write-down of inventories	145	31	145	31
Rental of premises	(251)	(306)	(129)	(158)
Interest income	134	88	99	39
Legal services paid to firms in which certain directors are members for services rendered in professional capacity	(9)	(55)	-	(54)

8. DIRECTORS' REMUNERATION

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

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration:				
Executives				
Basic salaries, bonus and other emoluments	1,681	1,057	1,681	867
Defined contribution plan	247	132	247	109
Non-executives				
Fees	67	9	67	9
Other emoluments	142	119	142	114
Defined contribution plan	-	1	-	-
	2,137	1,318	2,137	1,099

The estimated monetary value of benefits-in-kind received by the directors from the Group and the Company during the financial year amounted to RM40,000 (2005: RM28,000).

9. FINANCE COSTS

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Long-term loans	1,200	1,408	327	398
Bankers' acceptances	1,061	890	1,061	877
Bank overdrafts	246	231	119	100
Hire-purchase	14	-	4	8
Others	153	5	153	5
	2,674	2,534	1,664	1,388

10. INCOME TAX

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Current year				
- Malaysian tax	476	1,681	476	353
- Foreign tax	276	173	-	-
Under/(over)provision in prior years	71	(167)	8	(38)
	823	1,687	484	315
Deferred tax (Note 16):				
Current year	741	(685)	747	(612)
(Over)/underprovision in prior years	(86)	129	(2)	(83)
	655	(556)	745	(695)
	1,478	1,131	1,229	(380)

A numerical reconciliation of income tax expense at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	7,177	3,350	7,326	(1,262)
Tax at the statutory income tax rate of 28%	2,010	938	2,051	(353)
Tax effect of:				
- different tax rate of subsidiary company operating in other jurisdictions	16	11	-	-
- different tax rate for different level of income	-	(40)	-	-
Tax effect of expenses not deductible in determining taxable profit	382	407	123	111
Utilisation of reinvestment allowances	(939)	(11)	(939)	(11)
Tax effect of income not taxable in determining taxable profit	(12)	(17)	(12)	(8)
Share of associated company's tax	(31)	(108)	-	-
Deferred tax asset not recognised	67	-	-	-
Others	-	(11)	-	2
(Over)/underprovision in prior years	(15)	(38)	6	(121)
Tax charge/(credit) for the year	1,478	1,131	1,229	(380)

11. EARNINGS PER ORDINARY SHARE

The basic earnings per ordinary share is calculated by dividing the Group's profit for the year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the year.

	The Group	
	2006	2005
Profit attributable to ordinary equity holders of the Company (RM'000)	5,428	2,057
Number of ordinary shares in issue ('000)	75,902	75,902
Basic earnings per ordinary share (sen)	7.2	2.7

The comparative basic earnings per ordinary share has been restated to take into account the effects of prior year adjustments (Note 35) on profit for that year.

12. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost	Land under long lease RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Equipment, furniture, fixtures and fittings RM'000	Printing cylinders RM'000	Total RM'000
Balance at January 1, 2005	7,036	19,254	102,772	2,357	2,781	10,158	144,358
Additions	-	1,425	1,745	350	598	432	4,550
Disposals	-	-	-	(496)	(8)	-	(504)
Reclassification	-	-	-	36	(36)	-	-
Currency translation difference	-	-	-	(5)	-	-	(5)
Balance at January 1, 2006	**7,036**	**20,679**	**104,517**	**2,242**	**3,335**	**10,590**	**148,399**
Additions	**-**	**122**	**606**	**171**	**171**	**506**	**1,576**
Disposals	**-**	**-**	**-**	**-**	**(19)**	**-**	**(19)**
Write off	**-**	**-**	**-**	**-**	**(7)**	**-**	**(7)**
Reclassification	**-**	**(108)**	**-**	**-**	**108**	**-**	**-**
Currency translation difference	**-**	**-**	**-**	**-**	**1**	**-**	**1**
Balance at December 31, 2006	**7,036**	**20,693**	**105,123**	**2,413**	**3,589**	**11,096**	**149,950**
Accumulated Depreciation							
Balance at January 1, 2005	560	2,520	53,649	1,561	1,509	7,692	67,491
Charge for the year	74	387	6,478	269	375	967	8,550
Disposals	-	-	-	(224)	(5)	-	(229)
Balance at January 1, 2006	**634**	**2,907**	**60,127**	**1,606**	**1,879**	**8,659**	**75,812**
Charge for the year	**74**	**413**	**6,239**	**221**	**406**	**831**	**8,184**
Disposals	**-**	**-**	**-**	**-**	**(17)**	**-**	**(17)**
Write off	**-**	**-**	**-**	**-**	**(3)**	**-**	**(3)**
Balance at December 31, 2006	**708**	**3,320**	**66,366**	**1,827**	**2,265**	**9,490**	**83,976**
Carrying amount							
As of December 31, 2005	6,402	17,772	44,390	636	1,456	1,931	72,587
As of December 31, 2006	**6,328**	**17,373**	**38,757**	**586**	**1,324**	**1,606**	**65,974**

The Company

Cost	Land under long lease RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Equipment, furniture, fixtures and fittings RM'000	Printing cylinders RM'000	Total RM'000
Balance at January 1, 2005	7,036	19,254	102,772	2,256	2,737	10,158	144,213
Additions	-	1,425	1,745	212	563	432	4,377
Disposals	-	-	-	(399)	(16)	-	(415)
Balance at January 1, 2006	**7,036**	**20,679**	**104,517**	**2,069**	**3,284**	**10,590**	**148,175**
Additions	**-**	**122**	**606**	**171**	**165**	**506**	**1,570**
Disposals	**-**	**-**	**-**	**-**	**(19)**	**-**	**(19)**
Write off	**-**	**-**	**-**	**-**	**(7)**	**-**	**(7)**
Reclassification	**-**	**(108)**	**-**	**-**	**108**	**-**	**-**
Balance at December 31, 2006	**7,036**	**20,693**	**105,123**	**2,240**	**3,531**	**11,096**	**149,719**
Accumulated Depreciation							
Balance at January 1, 2005	560	2,520	53,649	1,502	1,514	7,692	67,437
Charge for the year	74	387	6,478	257	366	967	8,529
Disposals	-	-	-	(165)	(13)	-	(178)
Balance at January 1, 2006	**634**	**2,907**	**60,127**	**1,594**	**1,867**	**8,659**	**75,788**
Charge for the year	**74**	**413**	**6,239**	**198**	**396**	**831**	**8,151**
Disposals	**-**	**-**	**-**	**-**	**(17)**	**-**	**(17)**
Write off	**-**	**-**	**-**	**-**	**(3)**	**-**	**(3)**
Balance at December 31, 2006	**708**	**3,320**	**66,366**	**1,792**	**2,243**	**9,490**	**83,919**
Carrying amount							
As of December 31, 2005	6,402	17,772	44,390	475	1,417	1,931	72,387
As of December 31, 2006	**6,328**	**17,373**	**38,757**	**448**	**1,288**	**1,606**	**65,800**

Included in property, plant and equipment of the Group and the Company are fully depreciated property, plant and equipment with a cost of approximately RM32,671,000 (2005: RM24,713,000) which are still in use as of December 31, 2006.

13. INVESTMENT PROPERTY

	The Group and the Company 2006 RM'000	2005 RM'000
Condominium, at cost	190	190
Accumulated depreciation:		
At beginning of year	11	7
Charge for the year	4	4
At end of year	(15)	(11)
Net book value	175	179
Fair Value	180	180

The fair value of the Group's and the Company's investment property was estimated by the directors by reference to market indicator of transaction prices for similar property.

14. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2006 RM'000	2005 RM'000
Unquoted shares - at cost	250	250

Details of the direct subsidiary companies are as follows:

Name of companies	Country of incorporation	Effective percentage ownership 2006	2005	Principal activities
Daibochi Land Sdn. Bhd.	Malaysia	100%	100%	Property development
Daibochi Technology Sdn. Bhd.	Malaysia	100%	100%	Dormant
Stable Development Sdn. Bhd.	Malaysia	100%	100%	Dormant
* Daibochi Australia Pty. Ltd.	Australia	51%	51%	Marketing of plastic bags and packaging materials

* The financial statements of this subsidiary company were examined by auditors other than the auditors of the Company.

15. INVESTMENT IN ASSOCIATED COMPANY

	The Group 2006 RM'000	2005 RM'000
Unquoted shares - at cost	22,568	20,207
Share of post-acquisition profit	602	492
	23,170	20,699

The Group's interest in the associated company is analysed as follows:

	The Group 2006 RM'000	2005 RM'000
Share of net tangible assets - at fair value	22,901	20,430
Goodwill on acquisition	269	269
	23,170	20,699

On July 13, 2006, the Group subscribed for additional 2,360,805 new ordinary shares of RM1 each at par in the issued and paid up capital of the associated company for a cash consideration of RM2,360,805.

The associated company (incorporated in Malaysia) is as follows:

Name of company	Effective percentage ownership 2006	2005	Principal activity
Skyline Resources (M) Sdn. Bhd.	36%	36%	Property development

Summarised financial information in respect of the associated company is as follows:

	2006 RM'000	2005 RM'000
Assets and liabilities		
Current assets	22,880	34,419
Non-current assets	67,156	63,523
Total assets	90,036	97,942
Current liabilities	40,838	54,832
Non-current liabilities	6,258	8,670
Total liabilities	47,096	63,502
Results		
Revenue	26,341	34,056
Profit for the year	2,000	2,294

During the financial year, the Group discovered that, in prior years, the realisation of revaluation surplus of its associated company's leasehold land included in the cost of investment in associated company was not charged against the post-acquisition results of the associated company. A prior year adjustment was made to account for this realisation of the revaluation surplus against the post-acquisition results of the associated company, and the effects of the restatement are set out in Notes 35(c) and 35(d).

16. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	54	17	-	-
Deferred tax liabilities	(8,917)	(8,225)	(9,037)	(8,292)
At end of year	(8,863)	(8,208)	(9,037)	(8,292)

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
At beginning of year	(8,208)	(8,764)	(8,292)	(8,987)
Transfer (from)/to income statements (Note 10)	(655)	556	(745)	695
At end of year	(8,863)	(8,208)	(9,037)	(8,292)

The deferred tax assets and liabilities are in respect of temporary differences arising from:

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets				
Provisions	34	-	-	-
Others	20	17	-	-
	54	17	-	-
Deferred tax liabilities				
Property, plant and equipment	9,870	10,048	9,870	10,048
Others	(953)	(1,823)	(833)	(1,756)
	8,917	8,225	9,037	8,292

As mentioned in Note 3(d), deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, unutilised tax losses and unused tax credits can be utilised. As of December 31, 2006, the estimated amount of deferred tax asset calculated at enacted tax rate pertaining to a subsidiary company not recognised in the financial statements, is as follows:

	The Group	
	2006	2005
	RM'000	RM'000
Tax effects of unutilised tax losses	67	-

The unutilised tax losses of the subsidiary company are subject to the agreement by the tax authorities.

17. INVENTORIES

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Raw materials	**17,053**	15,635	**17,053**	15,635
Work-in-progress	**5,928**	8,222	**5,928**	8,222
Finished goods	**15,050**	12,119	**13,142**	11,240
Consumables	**472**	257	**472**	257
Completed property units	**7,605**	5,945	**3,023**	4,385
Total	**46,108**	42,178	**39,618**	39,739

Certain completed property units have been pledged to a foreign licensed bank as security for a bank overdraft facility granted to a subsidiary company (Note 27).

The cost of inventories recognised as an expense for the Group and the Company includes RM323,000 (2005: RM347,000) in respect of write-downs of inventory to net realisable value, and has been reduced by RM145,000 (2005: RM31,000) in respect of the reversal of such write-downs. Previous write-downs have been reversed as a result of increased sales prices.

18. PROPERTY DEVELOPMENT COSTS

Property development costs comprise the following:

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
At beginning of year:				
Freehold land	7,119	11,780	73	790
Development costs	2,972	9,865	146	5,094
	10,091	21,645	219	5,884
Additions:				
Development costs	4,170	14,443	-	4,511
	14,261	36,088	219	10,395
Costs recognised as an expense in income statements:				
- Previous year	-	(5,984)	-	(1,994)
- Current year	(359)	(14,068)	-	(3,797)
	(359)	(20,052)	-	(5,791)
Transfer to inventories	(3,880)	(5,945)	-	(4,385)
At end of year:				
Freehold land	6,057	7,119	73	73
Development costs	3,965	2,972	146	146
	10,022	10,091	219	219

Certain pieces of freehold land of the Group have been pledged to a foreign licensed bank for a long term loan and overdraft facility as disclosed in Notes 24 and 27.

The Group's borrowing cost of RM30,000 (2005: RM177,000) arising on funds borrowed generally for property development activities, was capitalised during the year by applying the borrowing rate of 7.50% - 8.00% (2005: 7.25%) per annum and is included in development costs.

19. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade receivables	48,019	36,078	43,528	32,831
Allowance for doubtful debts	(796)	(123)	(796)	(123)
	47,223	35,955	42,732	32,708
Other receivables	203	591	179	560
Prepaid expenses	53	32	13	17
Accrued progress billing	12	4,676	-	-
Refundable deposits	104	227	104	197
	47,595	41,481	43,028	33,482

The credit period granted on sales of goods range from letter of credit at sight to 180 days (2005: letter of credit at sight to 120 days). An allowance has been made for estimated irrecoverable amounts from the sales of goods of RM796,000 (2005: RM123,000) for the Group and the Company. This allowance has been determined by reference to past default experience of the Group and the Company.

The currency exposure profile of trade receivables of the Group and the Company is as follows:

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Ringgit Malaysia	30,301	23,607	29,252	22,519
US Dollar	13,777	9,568	13,777	9,568
Australian Dollar	3,442	2,159	-	-
Singapore Dollar	499	744	499	744
	48,019	36,078	43,528	32,831

20. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

Amount receivable from subsidiary companies, eliminated on consolidation, which arose mainly from trade transactions, advances and expenses paid on behalf is unsecured, interest-free and has no fixed terms of repayment, except for the trade transactions which are repayable within the normal trade terms of 90 days (2005: 90 days).

The currency profile of amount receivable from subsidiary companies is as follows:

	The Company	
	2006 RM'000	2005 RM'000
Ringgit Malaysia	32,432	30,827
Australian Dollar	4,066	2,335
	36,498	33,162

Other than disclosed elsewhere in the financial statement, set out below are the significant related party transactions during the financial year:

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Subsidiary companies				
Sales of goods				
- Daibochi Australia Pty. Ltd.	-	-	9,734	6,684
Advances				
- Daibochi Land Sdn. Bhd.	-	-	1,602	1,726
Associated company				
Management fee payable				
- Skyline Resources (M) Sdn. Bhd.*	396	420	96	120

* A company in which certain directors also have substantial financial interest.

21. SHORT-TERM DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Short-term deposits with a licensed bank	800	600	800	600
Housing Development Accounts with licensed banks	252	1,633	-	56
Cash and bank balances	3,075	2,548	2,774	2,457
	4,127	4,781	3,574	3,113

Short-term deposits with a licensed bank of the Group and the Company earn interest at rates ranging from 2.45% to 2.60% (2005: 2.45% - 2.55%) per annum and have maturity period ranging from 1 day to 10 days (2005: 1 day to 5 days).

Included in cash and bank balances of the Group and the Company is an amount of RM252,000 (2005: RM1,633,000) and RM Nil (2005: RM56,000) deposited into Housing Development Accounts in accordance with Section 7(A) of the Housing Developers (Control & Licensing) Act 1966. This account, which consists of monies received from purchasers, is for the payment of property development costs incurred. The surplus monies, if any, will be released to the Group and the Company upon the completion of the property development project and after all property development costs have been fully settled.

The currency exposure profile of short-term deposits, cash and bank balances of the Group and the Company is as follows:

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	3,143	4,724	2,853	3,110
US Dollar	721	3	721	3
Australian Dollar	263	54	-	-
	4,127	4,781	3,574	3,113

22. SHARE CAPITAL

	The Group and the Company	
	2006	2005
	RM'000	RM'000
Authorised:		
200,000,000 ordinary shares of RM1 each	200,000	200,000
Issued and fully paid:		
75,901,801 ordinary shares of RM1 each	75,902	75,902

23. RESERVES

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Non-distributable reserves:				
Share premium	1,224	1,224	1,224	1,224
Translation reserve	(15)	(19)	-	-
Distributable reserve:				
Retained earnings	27,483	23,573	24,261	19,682
	28,692	24,778	25,485	20,906

Share premium

Share premium arose from the issuance of new ordinary shares in the Company through the exercise of Employees' Share Option Scheme in prior years.

Translation reserve

	The Group	
	2006 RM'000	2005 RM'000
At beginning of year	(19)	1
Exchange differences arising on translation of foreign operations	4	(20)
At end of year	(15)	(19)

Exchange differences relating to the translation from the functional currency of the Group's foreign subsidiary company into Ringgit Malaysia are accounted for in the translation reserve.

Retained earnings

As of December 31, 2006, subject to agreement with the tax authorities, there is sufficient Malaysian (Section 108) tax credit and tax-exempt income to frank the entire retained earnings of the Company, if paid out as dividends.

24. LONG-TERM LOANS

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Outstanding loans principal				
Unsecured	15,702	21,154	15,702	21,154
Secured	-	1,276	-	-
	15,702	22,430	15,702	21,154
Less: Portion due within one year - included under current liabilities	(5,400)	(7,429)	(5,400)	(6,153)
	10,302	15,001	10,302	15,001

The non-current portion is repayable as follows:

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
2007	-	5,101	-	5,101
2008	5,279	5,006	5,279	5,006
2009	4,975	4,870	4,975	4,870
2010	48	24	48	24
	10,302	15,001	10,302	15,001

Term loans of the Group and the Company bear interest at rates ranging from 5.10% to 6.75% (2005: 4.75% to 7.25%) per annum and are repayable by 36 to 60 monthly installments except for a term loan which is repayable by 10 bi-annually installment over 60 months. The term loans are obtained by a negative pledge over all of the Company's assets except for a term loan of RM1,276,000 in 2005 of a subsidiary company which was secured by a first fixed charge up to RM5 million over certain pieces of freehold land included in property development costs registered in the name of the subsidiary company and a corporate guarantee issued by the Company.

25. HIRE-PURCHASE PAYABLES

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Total outstanding	223	271	86	103
Less: Interest-in-suspense outstanding	(29)	(43)	(10)	(14)
Principal outstanding	194	228	76	89
Less: Portion due within one year				
- included under current liabilities	(37)	(34)	(14)	(13)
Non-current portion	157	194	62	76

The non-current portion is repayable as follows:

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
2007	-	37	-	14
2008	41	41	14	14
2009	83	83	15	15
2010	16	16	16	16
2011	16	16	16	16
2012	1	1	1	1
	157	194	62	76

The hire-purchase liabilities of the Group and the Company are repayable by 48 to 84 monthly installments. For the financial year ended December 31, 2006, the borrowing rates range from 4.96% to 7.35% (2005: 4.96% to 7.35%) per annum. The rates are fixed at the inception of the hire - purchase arrangements.

The Group's and the Company's hire-purchase payables are secured by the financial institutions' charge over the assets under hire-purchase.

26. TRADE AND OTHER PAYABLES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The credit period granted to the Group and the Company for trade purchases ranges from letter of credit at sight to 120 days (2005: letter of credit at sight to 120 days).

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade payables	32,749	26,158	30,189	25,308
Accrued expenses	5,284	3,015	5,066	2,623
Deposits payable	36	108	-	108
	38,069	29,281	35,255	28,039

The currency profile of trade payables of the Group and the Company is as follows:

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Ringgit Malaysia	29,517	24,377	27,328	23,634
US Dollar	2,817	1,652	2,817	1,652
Australian Dollar	371	107	-	-
Singapore Dollar	54	22	54	22
Other currencies	(10)	-	(10)	-
	32,749	26,158	30,189	25,308

27. SHORT-TERM BORROWINGS

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Bankers' acceptances (unsecured)	25,915	27,080	25,915	27,080
Bank overdrafts				
- Unsecured	1,604	1,247	1,604	1,247
- Secured	1,534	2,044	-	-
	3,138	3,291	1,604	1,247
	29,053	30,371	27,519	28,327

During the financial year, interest on bank overdrafts and bankers' acceptances is chargeable at rates ranging from 7.25% to 8.25% (2005: 7.25% to 7.75%) and 3.55% to 4.33% (2005: 2.65% to 4.17%) per annum respectively.

The Group's and the Company's credit facilities are obtained by a negative pledge over all its assets except for the bank overdraft of a subsidiary company which is secured by a fixed charge for up to RM3,000,000 (2005: RM3,000,000) over:-

(a) certain pieces of freehold land of the subsidiary company included in property development costs (Note 18);

(b) certain completed property units of the subsidiary company (Note 17); and

(c) a corporate guarantee issued by the Company.

28. DIVIDENDS

	The Group and the Company			
	2006		2005	
	Gross per share Sen	Amount of dividend net of tax RM'000	Gross per share Sen	Amount of dividend net of tax RM'000
First and final tax-exempt dividend	**2.0**	**1,518**	2.0	1,518

A first and final dividend of 2%, tax-exempt, amounting to RM1,518,036, proposed in the previous financial year and dealt with in the previous directors' report was paid by the Company during the financial year.

Subsequent to the financial year, the directors proposed a first and final dividend of 4%, tax-exempt, amounting to RM3,036,072 in respect of the current financial year. The proposed dividend is subject to approval by shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following:

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Short-term deposits with a licensed bank	**800**	600	**800**	600
Housing Development Accounts with licensed banks (Note 21)	**252**	1,633	**-**	56
Cash and bank balances	**3,075**	2,548	**2,774**	2,457
Bank overdrafts (Note 27)	**(3,138)**	(3,291)	**(1,604)**	(1,247)
	989	1,490	**1,970**	1,866

30. FINANCIAL RISK MANAGEMENT

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group has taken measures to minimise the Group's exposure to risk and/or costs associated with the financing, investing and operating activities of the Group.

(a) Foreign currency risk

The Group undertakes certain transactions in foreign currencies where the amounts outstanding are exposed to foreign currency risk. The Group monitors its foreign exchange exposure closely.

(b) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing short-term deposits, long-term loans and short-term borrowings as disclosed in Notes 21, 24 and 27.

(c) Credit risk

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

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

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

(d) Liquidity risk

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital. Since liquidity risk is closely linked to credit risk, the previously mentioned credit risk control mechanisms apply to the monitoring and managing of liquidity risk.

(e) Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

(f) Fair values

The carrying amount and estimated fair value of the Group's and the Company's financial instruments are as follows:

		Carrying Amount		Fair Value	
		2006	2005	2006	2005
The Group	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial liabilities					
Long-term loans	24	**15,702**	22,430	**15,641**	22,430
Hire-purchase payables	25	**194**	228	**156**	172

The Company	Note	Carrying Amount 2006 RM'000	Carrying Amount 2005 RM'000	Fair Value 2006 RM'000	Fair Value 2005 RM'000
Financial asset					
Amount receivable from subsidiary companies, non-trade*	20	32,432	30,827	-	-
Financial liabilities					
Long-term loans	24	15,702	21,154	15,641	21,154
Hire-purchase payables	25	76	89	60	67

* It is not practical to estimate the fair value of amount receivable from subsidiary companies as the amount owing is made up of interest-free advances with indefinite terms of repayment.

Long-term loans and hire-purchase payables

The fair values are estimated using discounted cash flow analysis based on the current borrowing rates for similar type of borrowing arrangements.

Cash and cash equivalents, short-term borrowings, inter-company indebtedness (trade), trade and other receivables and trade and other payables

The carrying amounts approximate their fair values because of the short-term maturity of these instruments.

31. LEASE COMMITMENTS

As of December 31, 2006, the Group has the following non-cancellable lease commitments in respect of rental of premises:

	The Group Future minimum lease payments 2006 RM'000	The Group Future minimum lease payments 2005 RM'000
Financial years ending December 31,		
2006	-	106
2007	126	-
2008	21	-
	147	106

32. CONTINGENT LIABILITIES - UNSECURED

As of December 31, 2006, the Company has issued a corporate guarantee for RM3,000,000 (2005: RM8,000,000) in respect of a credit facility granted by a foreign licensed bank to one of its subsidiary companies. Accordingly, the Company is contingently liable to the extent of the amount of the credit facility utilised by the subsidiary company as of December 31, 2006.

33. CASH GENERATED FROM OPERATIONS

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Profit/(Loss) for the year	5,699	2,219	6,097	(882)
Adjustments for:				
Income tax (credit)/expense	1,478	1,131	1,229	(380)
Unrealised (gain)/loss on foreign exchange	371	(92)	393	(35)
Allowance for doubtful debts - net of recoveries	685	60	685	60
Bad debts written off	114	-	-	-
Property, plant and equipment:				
- (Gain)/Loss on disposal	2	(11)	2	(16)
- Written off	4	-	4	-
Gain on disposal of investment in associated company	-	(27)	-	-
Depreciation and amortisation				
- Property, plant and equipment	8,184	8,550	8,151	8,529
- Investment property	4	4	4	4
Share of results of associated company	(110)	(386)	-	-
Write-down of inventories	323	347	323	347
Reversal of write-down of inventories	(145)	(31)	(145)	(31)
Finance costs	2,674	2,534	1,664	1,388
Interest income	(134)	(88)	(99)	(39)
(Increase)/Decrease in:				
Inventories	(4,098)	290	(57)	2,089
Trade and other receivables	(7,339)	311	(10,675)	3,885
Property development costs	99	5,760	-	3,671
Amount receivable from subsidiary companies	-	-	(1,753)	(633)
Increase/(Decrease) in:				
Trade and other payables	8,839	(11,100)	7,289	(10,373)
Cash generated from operations	16,650	9,471	13,112	7,584

34. SEGMENT REPORTING

(a) Primary reporting format - business segment

The group is organised into two main business segments:

(i) Packaging - manufacture and marketing of flexible packaging materials

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

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

(b) Secondary reporting format - geographical segment

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

SEGMENT ANALYSIS

	The Group			
2006	Packaging RM'000	Property development RM'000	Eliminations RM'000	Consolidated RM'000
Revenue	206,421	3,552	-	209,973
Results				
Segment results	9,659	296	-	9,955
Unallocated costs				(214)
Profit from operations				9,741
Finance costs				(2,674)
Share of results of associated company		110		110
Profit before tax				7,177
Income tax				(1,478)
Profit for the year				5,699
Other information				
Capital additions	1,576	-	-	1,576
Depreciation and amortisation				
- Property, plant and equipment	8,184	-	-	8,184
- Investment property	4	-	-	4

		The Group		
2006	Packaging RM'000	Property development RM'000	Eliminations RM'000	Consolidated RM'000
Consolidated Balance Sheet				
Assets				
Segment assets	186,719	19,498	(32,253)	173,964
Investment in associated company		23,170		23,170
Unallocated assets				374
Consolidated total assets				197,508
Liabilities				
Segment liabilities	61,540	37,832	(32,253)	67,119
Unallocated liabilities				25,051
Consolidated total liabilities				92,170

SEGMENT ANALYSIS

		The Group		
2005	Packaging RM'000	Property development RM'000	Eliminations RM'000	Consolidated RM'000
Revenue	177,174	20,877	-	198,051
Results				
Segment results	(633)	6,318	-	5,685
Unallocated costs				(187)
Profit from operations				5,498
Finance costs				(2,534)
Share of results of associated company		386		386
Profit before tax				3,350
Income tax				(1,131)
Profit for the year				2,219
Other information				
Capital additions	4,550	-	-	4,550
Depreciation and amortisation				
- Property, plant and equipment	8,550	-	-	8,550
- Investment property	4	-	-	4

2005	Packaging RM'000	The Group Property development RM'000	Eliminations RM'000	Consolidated RM'000
Consolidated Balance Sheet				
Assets				
Segment assets	178,704	23,902	(31,345)	171,261
Investment in associated company		20,699		20,699
Unallocated assets				253
Consolidated total assets				192,213
Liabilities				
Segment liabilities	54,092	36,903	(31,345)	59,650
Unallocated liabilities				31,414
Consolidated total liabilities				91,064

35. EFFECTS OF ADOPTING NEW AND REVISED FRSs AND PRIOR YEAR ADJUSTMENT

(a) Effects on consolidated income statement for the year ended December 31, 2006

	Before adoption RM'000	← Increase/(Decrease) FRS 101 Note 2(a) RM'000	→ FRS 121 Note 2(b) RM'000	After adoption RM'000
Revenue	209,973	-	-	209,973
Cost of sales	(188,585)	-	-	(188,585)
Gross profit	21,388	-	-	21,388
Other operating expenses	(160)	-	-	(160)
Selling and distribution costs	(5,397)	-	-	(5,397)
Administrative expenses	(6,082)	-	(8)	(6,090)
Profit from operations	9,749	-	(8)	9,741
Finance costs	(2,674)	-	-	(2,674)
Share of results of associated company	445	(335)	-	110
Profit before tax	7,520	(335)	(8)	7,177
Income tax	(1,813)	335	-	(1,478)
Profit for the year	5,707	-	(8)	5,699
Attributable to:				
Equity holders of the Company	5,432	-	(4)	5,428
Minority interest	275	-	(4)	271
	5,707	-	(8)	5,699
Basic earnings per ordinary share (sen)	7.2	-	-	7.2

(b) Effects on consolidated balance sheet as of December 31, 2006

ASSETS	Before adoption RM'000	← Increase/(Decrease) FRS 121 Note 2(a) RM'000	FRS 140 Note 2(b) RM'000 →	After adoption RM'000
Non-current assets				
Property, plant and equipment	66,149	-	(175)	65,974
Investment property	-	-	175	175
Investment in associated company	23,170	-	-	23,170
Deferred tax assets	54	-	-	54
	89,373	-	-	89,373
Current assets				
Inventories	46,108	-	-	46,108
Property development costs	10,022	-	-	10,022
Tax recoverable	283	-	-	283
Trade and other receivables	47,595	-	-	47,595
Short-term deposits, cash and bank balances	4,127	-	-	4,127
	108,135	-	-	108,135
Total assets	197,508	-	-	197,508
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	75,902	-	-	75,902
Share premium	1,224	-	-	1,224
Translation reserve	(19)	4	-	(15)
Retained earnings	27,487	(4)	-	27,483
Reserves	28,692	-	-	28,692
Equity attributable to equity holders of the Company	104,594	-	-	104,594
Minority interest	744	-	-	744
Total equity	105,338	-	-	105,338

	Before adoption RM'000	Increase/(Decrease) FRS 121 Note 2(a) RM'000	FRS 140 Note 2(b) RM'000	After adoption RM'000
Non-current liabilities				
Long-term loans	10,302	-	-	10,302
Hire-purchase payables	157	-	-	157
Deferred tax liabilities	8,917	-	-	8,917
	19,376	-	-	19,376
Current liabilities				
Trade and other payables	38,069	-	-	38,069
Short-term borrowings	29,053	-	-	29,053
Hire-purchase payables	37	-	-	37
Long-term loans	5,400	-	-	5,400
Tax liabilities	235	-	-	235
	72,794	-	-	72,794
Total liabilities	92,170	-	-	92,170
Total equity and liabilities	197,508	-	-	197,508

(c) Effects on consolidated income statement for the year ended December 31, 2005

	As previously reported RM'000	Increase/(Decrease) FRS 101 Note 2(a) RM'000	FRS 121 Note 2(b) RM'000	Prior year adjustment Note 15 RM'000	As restated RM'000
Revenue	198,051	-	-	-	198,051
Cost of sales	(186,102)	-	-	-	(186,102)
Gross profit	11,949	-	-	-	11,949
Other operating income	1,624	-	-	-	1,624
Selling and distribution costs	(3,290)	-	-	-	(3,290)
Administrative expenses	(4,824)	-	39	-	(4,785)
Profit from operations	5,459	-	39	-	5,498
Finance costs	(2,534)	-	-	-	(2,534)
Share of results of associated company	1,208	(376)	-	(446)	386
Profit before tax	4,133	(376)	39	(446)	3,350
Income tax	(1,507)	376	-	-	(1,131)
Profit for the year	2,626	-	39	(446)	2,219
Attributable to:					
Equity holders of the Company	2,483	-	20	(446)	2,057
Minority interest	143	-	19	-	162
	2,626	-	39	(446)	2,219
Basic earnings per ordinary share (sen)	3.3	-	-	(0.6)	2.7

(d) Effects on consolidated balance sheet as of December 31, 2005

ASSETS	As previously reported RM'000	Increase/(Decrease) FRS 121 Note 2(b) RM'000	Prior year FRS 140 Note 2(c) RM'000	adjustment Note 15 RM'000	As restated RM'000
Non-current assets					
Property, plant and equipment	72,766	-	(179)	-	72,587
Investment property	-	-	179	-	179
Investment in associated company	21,145	-	-	(446)	20,699
Deferred tax assets	17	-	-	-	17
	93,928	-	-	(446)	93,482
Current assets					
Inventories	42,178	-	-	-	42,178
Property development costs	10,091	-	-	-	10,091
Tax recoverable	200	-	-	-	200
Trade and other receivables	41,481	-	-	-	41,481
Short-term deposits, cash and bank balances	4,781	-	-	-	4,781
	98,731	-	-	-	98,731
Total assets	192,659	-	-	(446)	192,213
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	75,902	-	-	-	75,902
Share premium	1,224	-	-	-	1,224
Translation reserve	-	(19)	-	-	(19)
Retained earnings	24,000	19	-	(446)	23,573
Reserves	25,224	-	-	(446)	24,778
Equity attributable to equity holders of the Company	101,126	-	-	(446)	100,680
Minority interest	469	-	-	-	469
Total equity	101,595	-	-	(446)	101,149

	As previously reported RM'000	← Increase/(Decrease) FRS 121 Note 2(b) RM'000	FRS 140 Note 2(c) RM'000	Prior year adjustment Note 15 RM'000 →	As restated RM'000
Non-current liabilities					
Long-term loans	15,001	-	-	-	15,001
Hire-purchase payables	194	-	-	-	194
Deferred tax liabilities	8,225	-	-	-	8,225
	23,420	-	-	-	23,420
Current liabilities					
Trade and other payables	29,281	-	-	-	29,281
Short-term borrowings	30,371	-	-	-	30,371
Hire-purchase payables	34	-	-	-	34
Long-term loans	7,429	-	-	-	7,429
Tax liabilities	529	-	-	-	529
	67,644	-	-	-	67,644
Total liabilities	91,064	-	-	-	91,064
Total equity and liabilities	192,659	-	-	(446)	192,213

Statement Of Shareholdings

as at 21 March 2007

SHAREHOLDINGS

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

ANALYSIS OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares	%
less than 100	218	5.41	10,071	0.01
100 - 1,000	321	7.96	250,664	0.33
1,001 - 10,000	2,767	68.64	10,893,371	14.35
10,001 - 100,000	663	16.45	16,315,226	21.50
100,001 to less than 5% of issued shares	59	1.46	34,776,128	45.82
5% and above of issued shares	3	0.08	13,656,341	17.99
Total	4,031	100.00	75,901,801	100.00

THIRTY LARGEST SHAREHOLDERS

Name	No. of shares	%
Datuk Wong Soon Lim	3,555,773	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
Lim Koy Peng	2,105,000	2.77
Chew Soon Heng	2,057,748	2.71
HDM Nominees (Asing) Sdn Bhd - UOB Kay Hian Pte Ltd for YCH Holdings (Pte) Ltd	2,011,200	2.65
Chua Ah Nee	1,992,480	2.63
Low Chan Tian	1,934,400	2.55
Low Geoff Jin Wei	1,922,680	2.53
Brendan Low Kang Wei	1,920,448	2.53
Brian Low Chean Wei	1,919,516	2.53
Cimsec Nominees (Asing) Sdn Bhd - Low Kim Foong	1,666,560	2.20
Liow Keng Eng	1,336,000	1.76
Yong Jaw Teck	1,196,873	1.58
Datin Teh Kim Hong	1,188,000	1.57
Permodalan Nasional Berhad	1,173,500	1.55
Lee See Jin	1,073,100	1.41
Quarry Lane Sdn Bhd	1,000,000	1.32

	No. of shares	%
Cimsec Nominees (Asing) Sdn Bhd -CIMB Bank for Sam San Tuan	845,700	1.11
Lim Keat Sear	698,400	0.92
Chong Chee Meng	625,600	0.82
Mary Anne Low Chai Yik	529,900	0.70
HLB Nominees (Tempatan) Sdn Bhd - Datuk Wong Soon Lim	480,000	0.63
Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd - Datuk Wong Soon Lim	408,000	0.54
Chua Tiang Kim	390,000	0.51
Tan Cheo Tee	347,400	0.46
Malacca Equity Nominees (Tempatan) Sdn Bhd - Hoo Beng Lee	324,500	0.43
Ong Siew Beng	313,000	0.41
Ong Beng Kee	300,000	0.40
	42,259,279	55.68

SUBSTANTIAL SHAREHOLDERS

Name	No. of shares	%
Low Chan Tian	4,836,720	6.37
Datuk Wong Soon Lim	4,662,440	6.14
Datin Teh Kim Hong	4,157,181	5.48
	13,656,341	17.99

DIRECTORS' SHAREHOLDINGS

Name	No. of shares	%
P. James Edwin A/L Louis Pushparatnam	6,280	0.01
Lim Soo Koon	60,000	0.08
Yong Jaw Teck	1,196,873	1.58
Datuk Wong Soon Lim	4,662,440	6.14
Low Chan Tian	4,836,720	6.37
Hiew Chee Peng	0	0
Chee Ho Chun	200,000	0.26
	10,962,313	14.44

List Of Properties

Location	Description	Age Of Buildings	Area	Tenure	Date Of Acquisition	Net Book Value As At 31 December 2006 RM'000
Properties						
Lot 3, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Factory buildings	1 building - 14 years 2 buildings - 11 years 1 building - 9 years 1 building - 7 years 1 building - 6 years 1 building - 2 years	2.062 hectares	Leasehold expiring on 24.05.2091	03.07.1995	9,471
Lot 7, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Factory buildings	2 buildings - 14 years 3 buildings - 13 years 1 building - 12 years 1 building - 11 years	2.692 hectares	Leasehold expiring on 24.05.2091	29.10.1991	11,922
PT 2598, Mukim of Bukit Baru, 75450 Melaka	Factory cum office building	13 years	8,344 sq metres	Leasehold expiring on 11.05.2091	24.05.2004	2,308
					Total	23,701
Investment Property						
11/A2 Kondominium Siantan Puri, Kg Lapan, 75200 Melaka	1 unit 4 bedroom condominium	5 years	144 sq metres	Leasehold expiring on 24.08.2099	07.09.2001	174
						174
Development Properties						
Taman Sentosa Lot 1016, Mukim of Bukit Baru, 75150 Melaka	Land and development costs	-	13,326 sq feet	Freehold	16.09.1989	219
Taman Cheng Bestari GM 28, Lot 271 & 275, Mukim of Bertam, 75250 Melaka	Land and development costs	-	265,919 sq feet	Freehold	30.09.2002	9,803
					Total	10,022

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Form Of Proxy

CDS account no. of authorised nominee

I/We...

(FULL NAME IN BLOCK LETTERS)

IC No./ID No./Company No...

(NEW & OLD IC No.)

of ....

(FULL ADDRESS)

being a member(s) of DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD, hereby appoint

....

(FULL NAME IN BLOCK LETTERS & IC No.)

of ....or

(FULL ADDRESS)

failing whom...

(FULL NAME IN BLOCK LETTERS & IC No.)

of ....

(FULL ADDRESS)

or failing him/her THE CHAIRMAN OF THE MEETING as my/our proxy to attend and vote for me/us on my/our behalf at the Thirty Fourth Annual General Meeting of the Company, to be held at Bunga Melati Room, Level 7, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Wednesday, 23 May 2007 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below .

ORDINARY BUSINESS		FOR	AGAINST
1. Adoption of Reports and Financial Statements	Resolution 1		
2. Declaration of Dividend	Resolution 2		
3. Approval of Directors' fees	Resolution 3		
4. Re-election of Director under Article 103 - Low Chan Tian	Resolution 4		
5. Re-election of Director under Article 103 - Hiew Chee Peng	Resolution 5		
6. Re-appointment of Messrs Deloitte KassimChan as Auditors	Resolution 6		
SPECIAL BUSINESS 7. Authority for Directors to allot shares pursuant to Section 132D of the Companies Act, 1965	Resolution 7		

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

____

Signature/Common Seal

Number of share held: ____________________

Date: ____________________

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

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

NOTES: -

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

Fold this flap for sealing

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AFFIX STAMP

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

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Daibochi 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